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INDEPENDENT

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Newspaper of the Year for photographs

Cyberterror attack rocks America

By Charles Arthur and Nicholas von Herberstein

THE TWIN threats posed by cyber-terrorism and the growing monopoly of software company Microsoft became reality yesterday, as thousands of American users found their machines "frozen" by a cleverly-targeted attack launched over the Internet.

All over the US, machines running the Windows NT operating systems and connected to the Internet crashed. Military machines operated by the Navy, and 14 of 15 of the US space agency Nasa's sites were affected, as well as many universities.

The deliberate nature of the attack was emphasised by its timing - hours before Bill Gates, head of Microsoft, had to defend his company to a Senate committee against allegations that its growing control of the software market breaks anti-trust laws. Later the same day, Louis Frech, director of the FBI, appeared before another Senate committee to ask for increased funding for "several priority initiatives, including those

in the areas of counter-terrorism and cyber-crime".

But industry analysts reckon the target of this attack was Gates, not Frech. The machines were all crashed by sending out a message over the Internet which exploits a feature of Windows NT - which Microsoft wants to become the dominant operating system for large business computers. However, the attack was tailored so that it would not cause actual harm: no data was lost. Dennis Jackson, head of the UK Computer Emergency Response Team (CERT) said: "It's the computer equivalent of a custard pie attack".

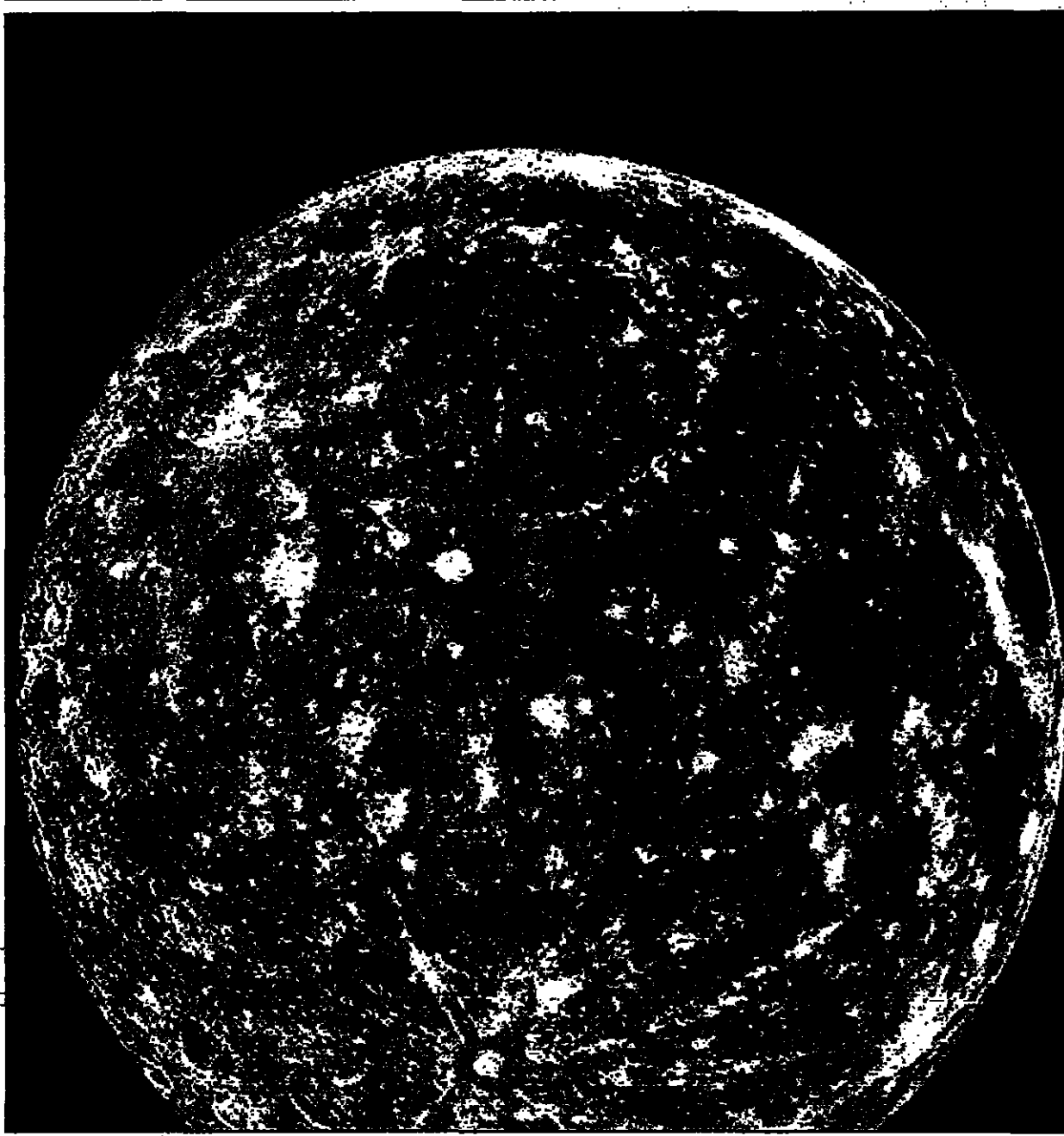
Steve Gold, news editor of *Secure Computing* magazine, and a former hacker, explained: "Somebody sent out a deliberately malformed instruction to all the NT servers on the Internet in the US which caused them all to chase their tails trying to solve a problem that's impossible to solve, such as the value of pi to a trillion decimal places."

The attack clearly shows the weakness that Microsoft's growing monopoly causes to a

country reliant on computers: if every computer runs the same operating system, all will have the same flaws, and a lone cyber-terrorist could seriously disrupt communications. Gold reckons that this one would have taken only 24 man-hours to set up. "Whoever did this knew exactly what they were doing. They could have been a lot more malicious, sending worms or viruses."

The US administration is increasingly worried about computer-based attacks. Some observers have predicted that the frequency and sophistication of the "hack attacks" will only increase. The FBI also sees computer crime rapidly escalating and has identified a wide spectrum of criminal classes as electronic intruders: "White collar criminals, economic espionage agents, disgruntled employees, organised crime members, foreign intelligence services and terrorists groups have all been identified, with the potential to have immediate and severe consequences for every facet of government and industry."

Another giant step: water on the Moon?



Damp side of the Moon: False-colour image of Earth's satellite taken in 1992 by the Galileo spacecraft. Photograph: Nasa

Ice holds key to lunar living

THE US space agency, Nasa, is expected to announce today that there is water - frozen as ice - on the Moon, opening the possibility for new manned spaceflights to our satellite, writes Charles Arthur.

The presence of water on the Moon would make it feasible to set up a permanent settlement, which could then be used to develop and test the technologies to colonise other planets.

Ice could be melted to form drinking water, or electrolysed by solar power into hydrogen and oxygen for rocket fuel. Some estimates before today's announcement suggested that there could be a billion tonnes of ice at the poles.

Nobody at Nasa would comment on

the rising expectations yesterday. But the space industry in the US has been buzzing for weeks about preliminary data from the Lunar Prospector spacecraft, which has been orbiting the Moon for six weeks. According to early leaks, the first data confirmed spectroscopic data from a US military mission four years ago. That indicated that ice exists at the poles, probably the remains of comets which crashed into the lunar surface.

The scientists in charge of the mission are understood to have been told to check their data, so that Nasa would not subsequently have to retract any announcement. But in the past few days,

Nasa has issued a string of notices raising the profile of the mission and even offering live TV interviews with the scientists when the announcement is made at 10am in Florida today.

Earlier this week, Professor Alan Binder, who is leading the analysis of the data, told *The Independent*: "I'm not allowed to say what we have found. All I can say is that we have extremely good data, and we can't say whether there is or isn't water there."

But another source said: "The gossip is, from the preliminary results, the data would all be in keeping with water. Now they want the Prospector to go in closer to confirm it - even to crashland."

British failed to spot Nazi mass killer

By Irene Karcus in Bonn

A 78-YEAR OLD convicted war criminal who had been living quietly in the south German city of Stuttgart, was arrested yesterday and charged with the murders of 70,000 people during the Second World War. He had previously been questioned by Scotland Yard.

Alfons Götze, who prosecutors say has admitted to shooting 500 men, women and children with his own hands at a Polish concentration camp, was a low-ranking officer in the

Nazi security police, and had previously worked for the Gestapo.

Even by the standards of mass-murderers, his alleged crimes seem extraordinary. The prosecutors believe he was a key player in the notorious "Operation Harvest Festival", a blood-bath that went on for two days at the Majdanek concentration camp, in eastern Poland, in November 1943. It was here that Götze credited himself with the 500 shootings. Altogether, he is said to have played a role in the murder of 70,000 civilians

in Poland and Ukraine in 1942 and 43. An estimated 360,000 people, mostly Jews, perished at Majdanek.

According to German records of war criminals, Götze had served in the SS, and was a member of staff of the Galician Security Police Command in Lublin. "He was no leading light," commented Willi Drensen, head of Germany's central archives.

Details of Götze's life after the war are sketchy. In the 1950s, he is reported to have been investigated for war crimes

by the British authorities. The Soviet authorities put him on trial and imprisoned him. He served part of his sentence in a forced labour camp in Siberia.

He was given German nationality in 1991. Last year he was called as a witness to the national war crimes centre in Dortmund. It was while being questioned there that Götze is said to have confessed to the "Harvest Festival" massacre and other killings. He applied for bail after his arrest. "Where am I supposed to run?" he is reported to have asked.

Mystery as Blair goes to Mass alone

By Steve Boggan

TONY BLAIR has been attending Mass on his own at Westminster Cathedral, prompting fresh speculation yesterday that he might be preparing to convert to Catholicism.

Staff at 10 Downing Street insisted he did not plan to convert, although they did admit that he had been to Mass at the cathedral without his wife and their three children.

The Prime Minister, an Anglican, regularly attends Roman Catholic Mass with his family, but it was not previously known that he had chosen to worship in a Catholic church alone.

A Downing Street spokesman said: "Though the Prime Minister regularly worships at a Catholic church with his wife and family, he is not converting to Catholicism."

"The only occasion on which he has attended Westminster Cathedral alone arose because he had been at a speaking engagement and his family had attended church earlier."

However, the Press Association, which broke the story, said it had spoken to sources who said they had seen Mr Blair alone in the cathedral, except for bodyguards, "on several occasions" since Christmas.

The news agency said he had been seen at the 6pm Saturday Mass, which is often attended by around 1,000 people, and the Sunday 5.30pm Mass, which attracts up to 700 worshippers.

Constitutional experts were agreed that there was no legal obstacle to having a Catholic prime minister - even though Britain has never had one - and that Mr Blair's role in choosing bishops was in his capacity as prime minister and not in a personal capacity.

Obstacles, however, might be presented by other Catholic worshippers opposed to his stance on abortion.

Phyllis Bowman, a founder of the Society for the Protection of Unborn Children and herself a Catholic, said: "You don't join the rugby team if you want to play football."

"Mr Blair has voted in favour of abortion 13 times since he was voted to Parliament in 1984."

"His conscience is his own business but I think his attendance at Mass is hypocritical."

"If he wants to go to Catholic Mass he should embrace its teachings and become a Catholic - and that is incompatible with his political beliefs."

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Fatal ill-luck of friends across Ulster's divide

By David McKitterick
Ireland Correspondent

PHILIP ALLEN and Damien Trainor lived together and then died together, the blood from their bodies mingling as they breathed their last on the floor of a little pub in Poyntzpass on Tuesday night.

A Protestant and a Catholic, they had the good fortune to live in a little oasis of community harmony amid the rolling drumlins of Armagh and Down. But they had fatal ill-luck to live within striking distance of other places which have been poisoned by deep wells of sectarianism.

The two friends were having a quiet drink on Tuesday night when loyalist gunmen burst in, shouted "Get down you bastards" and fired repeatedly into their bodies and those of two other people.

The fact of their different religions, and thus their different politics, did not interfere with the close friendship between the two men. Philip, who was 34, had just asked 25 year old Damien to be his best man.

Damien's uncle, Coleman Trainor, said yesterday: "All Damien lived for was cars and



Mo Mowlam visits relatives of the dead men yesterday

a few drinks along with his mate who was murdered. They've grown up together as pals the way both their fathers did. The families have a long, long history - never any animosity among them, just the best of pals, the best of friends."

They were both drinking orange juice in the little bar when the gunmen arrived. Brian Canavan, son of the bar's owner, described the scene: "It was quite simple. There was two men came in through the front door of the bar and they shouted in very rude terms for everybody in the bar to lie down, and

everybody just lay down. They did not ask for denominations or anything, they just opened fire on the fellas that were on the ground."

When Father Desmond Corrigan was summoned to the bar he found the two fatally injured men. "I saw Damien and Philip lying on the ground just behind the door," he said. "I administered the last rites to Damien and prayed with Philip."

"They were still conscious at that stage and I tried to console them. I tried to talk to them, to encourage them, give them some hope. They responded for a short time, but then we were losing them. There was no pandemonium. Everyone was just trying to do whatever they could for the boys."

Poyntzpass is named after Lieutenant Poyntzpass an English officer given 500 acres of land by Elizabeth I in reward for defeating soldiers of the Earl of Tyrone. Until 9 o'clock on Tuesday night it was just one of the many obscure backwaters, tucked away throughout Northern Ireland, which had made it through the troubles unscathed.

The village is majority Catholic, its surroundings

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Aitken sells country home to pay his bills

By Kim Sengupta

NINE MONTHS after spectacularly losing his High Court libel action, Jonathan Aitken is selling his country home to pay his legal costs.

The former defence minister's wealthy Saudi friends have failed to pick up the £1.8m bill incurred in the defamation case, according to a member of his family. And one of the reasons he has recently taken up a job selling "telecommunications" equipment for GEC-Marconi is that he needs the money.

The sale of the White House in Mr Aitken's former constituency in Sandwich, Kent, is said to be in the final stages for a figure of about £500,000. And there is also a possibility, according to the family member, that the former MP may also have to sell his Georgian townhouse in Westminster which is said to be worth £1.5m.

Mr Aitken hopes his work with GEC-Marconi will lead to other consultancy arrangements. The family member, who does not wish to be named, strenuously denied that the former minister was back playing his old trade in arms. She said: "We know Jonathan lied. But it really is too much that everything he does is viewed with suspicion. Of course he knows a lot of people in the Arab world and it is natural that is the area he would be concentrating in. But it is nonsense to say he is selling missiles."

Mr Aitken bought the White House in 1987. The large house overlooks the Channel and the Royal St. George's golf course. Mr Aitken has said that

home was a gift to his wife Lolita and children from his Serbian mother-in-law. But during the High Court case it was discovered that the White House was registered as owned by a Panamanian company, Hipper Real Estate, administered from the office of Mark Vere Nicholl, a lawyer associate of Mr Aitken in a company called Al Bilad.

The Westminster home at Lord North Street is the former home of Brendan Bracken, Winston Churchill's information chief during the war. Mr Aitken took the 10-room house in 1959 on a 42-year lease, and bought the freehold in 1981 for £225,000.

The strength of Mr Aitken's relationship with the Saudi royal family is open to question. Diplomatic sources say the Saudis were greatly embarrassed about the disclosures made during Mr Aitken's court case.

In the meantime the Scotland Yard investigation launched last August into Mr Aitken's alleged perjury and attempt to pervert the course of justice still has not been completed. Detectives have travelled to carry out inquiries in Switzerland and Paris. A report is due to be presented to the Crown Prosecution Service within the next month. The family member said: "This is a terrible thing to hang over you. Jonathan is quite willing to talk to the police, but as far as I know they still have not bothered to interview him."

When approached by *The Independent*, Mr Aitken said: "I am sorry, I don't speak to journalists nowadays. I can't help you."



No place like home: Jonathan Aitken and the house in Sandwich, Kent, which he is selling to pay his legal costs

Photomontage: Jonathan Anstee

Misunderstood, or just miscreant?

JONATHAN AITKEN is a victim of jealousy. His enemies, especially liberal male journalists, could not abide the fact that he was richer, more successful and better looking than they were, writes Kim Sengupta. He is a giant brought down by the plotting of lesser men. Who says so? Well, his mother for a start, as well as a number of his more vocal friends like columnist Paul Johnson.

There is, of course, another school of thought that would argue that the formerly Right Honourable (he was forced to relinquish that title) Jonathan Aitken was the author of his own misfortune. That he is a perjurer, that he was prepared to ask his daughter to lie under oath on his behalf, that he was a friend of a repressive regime, and a man with seamy sexual tastes.

Whatever the reason, Mr Aitken's fall was spectacular. The one-time Tory golden boy not only had to endure humiliation and dishonour at the High Court when his libel case collapsed, but

IN THE NEWS JONATHAN AITKEN

now faces having to pay a massive £1.8m legal bill as the price of defeat. What must irk him is that until his opponents discovered devastating evidence to show he was lying over the paying of a hotel bill at the Paris Ritz, the case appeared to be going broadly in his favour.

After the fall Mr Aitken kept a low profile. He went off to America for a holiday with his son, started writing a novel and discovered God. Interestingly, his Saudi friends, whom he served diligently for many years, appear not to have rushed to his rescue in his hour of need. The former minister is having to sell one of his houses. He has taken up a consultancy with GEC-Marconi to sell communications equipment in the Middle East, and hopes other, similar jobs will follow.

Mr Aitken had a moderately successful political career. He had a very successful business career, thanks to his relationship with a number of Saudis, especially Prince Mohammed bin Fahd and his secretary Said Ayas. Sadly for him, those two are now involved in High Court litigation over allegations that Mr Ayas illegally diverted funds from accounts in England, France, Germany and Switzerland.

Mr Aitken has always had a problem with honesty, highlighted when he was working as a journalist. He passed documents relating to the Nigerian civil war to the *Sunday Telegraph* and Tory MP Hugh Fraser, breaking a promise he made to General Henry Alexander, the man who gave them to him. Having be-

trayed his benefactor, Aitken then falsely accused Mr Fraser of being responsible for the leak.

That Mr Aitken was the true source of the leak came out in court when he was prosecuted under the Official Secrets Act. What did not come out was that Mr Aitken was at the time having an affair with Mr Fraser's wife, Antonia. Apparently this "double shuffling" as one of his friends called it, raised him in their estimation. He dated Carol Thatcher before abandoning her for other prey. Mrs Thatcher's daughter was hurt, and her angry mother made sure the young meteor was not promoted while she was Prime Minister.

Mr Aitken went on to have affairs with a sexologist called Christine Pickard, and a two-year liaison with a call girl called Paula Strudwick. But he survived largely untouched by scandal. When he began his litigation he must have sensed fresh triumphs. But his luck had run out.

JONATHAN AND THE YOUNG METEORS. Mr Aitken's book, the *Young Meteors*, was published in July 1967. It was about the best and the brightest of a generation, rising effortlessly to claim their places as leaders of the country. Among those so named were Nigel Lawson, David Steel, Roy Hattersley, Melvyn Bragg and Vanessa Redgrave. Jonathan saw himself as one of this elite.

JONATHAN AND SADO-MASOCHISM. Jonathan had an affair with a prostitute called Paula Strudwick whose expertise was sado-masochism. Her flat was littered with whips, chains, nipple clamps, bondage tapes and riding crops. After the High Court trial Ms Strudwick "whipped and told" her story to a Sunday newspaper.

JONATHAN AND CAROL THATCHER. Absolutely no suggestions of S&M in this liaison. But Jonathan is said to have treated Carol (right) with a degree of emotional harshness when he dumped her. Unfortunately, Carol Thatcher's mother was the Prime Minister and his boss. His political career stalled for some time after he "made Carol cry".



JONATHAN AND PARTIES.

Not the fun ones he had with Ms Strudwick, Dr Pickard and others. But serious political ones he hosted at his home in Lord North Street. Conservative ideologues would gather for dinner and put the world to right over the brandy and port. Mr Aitken also met his friends from the Arab world at the house, which once belonged to Churchill's propaganda chief, Brendan Bracken.

New editor for 'World in Action'

By Rob Brown
Media Editor

WITH AN embarrassing sense of timing, Granada Television announced yesterday that the editor of *World in Action* is stepping down - the day after the programme lost a £1m libel case against Marks & Spencer.

But the station insisted that Steve Boulton's decision to leave ITV's flagship documentary had nothing to do with what happened in the High Court. "It is an unfortunate coincidence but it has absolutely no connection with that ruling," said Charles Tremayne, controller of factual programmes.

"We were hoping to have a planned handover, but someone leaked the story to the trade press last week." And he added: "The programme [which prompted M&S to sue] was actually put to bed by me because Steve happened to be on holiday that week."

Mr Tremayne paid tribute to the outgoing editor's "very successful four-year run", the high point of which was a famous libel victory against the disgraced Tory MP Jonathan Aitken.

Mr Boulton is being replaced by Jeff Anderson, Granada's head of regional programmes, and there is strong speculation that the programme will become more consumer-based. Mr Anderson said: "My job is to widen its appeal whilst keeping its values intact."

Mortgage firms drop valuation surveys

By Jeff Howell

MORTGAGE lenders are planning to drop their requirement for valuation surveys. Loans would in future be based on an applicant's credit-rating, with only occasional spot checks on property values.

The move, the most radical change to property financing since financial deregulation, would save homebuyers an average of about £200. It has been prompted by attempts to cut the time and costs involved in property transactions - the valuation survey adds at least a week to the buying process. It is also seen as a step towards European harmonisation in the financial services sector - no other European country has a similar home-buying process to the UK, or recognises surveying as a distinct profession.

According to a report in the current issue of *Building Engineer*, mortgage lenders, both individually and within the Council for Mortgage Lenders, have been reviewing for some time the need to commission a surveyor's valuation on every property. Until recently, building societies were required by an act of Parliament (The Building Societies Act, 1986) to commission a valuation on every property used as security for a mortgage or loan. But

now that most major building societies have become banks, they are no longer obliged to do so.

The Bristol and West building society, now part of the Bank of Ireland, has been reviewing its position and is likely to be the first to stop commissioning valuations. Decisions to lend will be based upon the credit-rating of applicants, with addresses and post codes of properties being used to estimate values. Random checks will be made. The other major mortgage

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lenders are expected to follow. Ian Kennedy, Bristol and West's director of operations, said: "This move would benefit the consumer by saving them around £200 for the valuation fee and reduce the time to receive a mortgage offer."

Arwell Griffith, of the Association of Building Engineers, who has been monitoring the proposed changes, said: "Most mortgage lenders feel that credit-scoring techniques are now so reliable that they do not need individual valuations for each and every property. Some lenders are planning to check 20 to 30 per cent of properties; some will check one in 10."

The Royal Institution of Chartered Surveyors (RICS) has 94,000 members, some 10,000 of whom are involved in residential valuation work. Adrian Britton, director of professional services at the RICS, said: "We would be surprised if we see a loss of work; we think people will still want an expert report on the condition of the property they are buying."

At present, though, only one buyer in five pays for the more expensive homebuyers' survey, 80 per cent relying solely upon their basic mortgage valuation report - it is questionable how many of these will pay out for an independent survey if their mortgage application has already been approved without one.

Homeowners and sellers could forfeit 1 per cent of the asking price of houses if they break new contracts designed to crack down on "gazumping" and end delays, reports yesterday suggested. The Government is said to be considering plans whereby vendors and buyers would have to sign legal contracts and put up the money in a scheme to accelerate buying, deter "frivolous" offers, and stop owners selling to a higher bidder after initially accepting a lower offer. The money would go to the other side if either pulled out of the deal.

Ted Hughes scores hat-trick of awards



Ted Hughes winner

The Poet Laureate, Ted Hughes, yesterday completed an extraordinary comeback when his *Tales from Ovid* picked up the 40th W H Smith Literary Award, worth £10,000, writes Boyd Tonkin, Literary Editor.

The judges, headed by Professor John Carey and including novelists Ruth Rendell and Hilary Mantel, gave a special commendation to a book by travel writer and Independent contributor Charles Nicholl, *Somebody Else: Rimbaud in Africa*.

In January, Hughes's set of free translations from the first-century Latin poet's *Metamorphoses* won the £23,000 Whitbread Book of the Year Award and, before that, the Whitbread prize for poetry. His wholly unexpected and revealing sequence of poems about his troubled marriage to the poet Sylvia Plath, *Birthday Letters*, still dominates the hardback bestseller charts.

The 68-year-old Hughes, who lives in Devon, did not ap-

pear for the awards ceremony at Goldsmiths Hall in the City of London. In a statement read on his behalf, he said that he "had been amazed to watch the public life of *Tales from Ovid*" as it progressed from award to award. "I don't know when anything has given me such a shock of pure writer's joy."

Hughes's friend and publisher Matthew Evans, the chairman of Faber & Faber, said: "Ted has returned to the centre of things."

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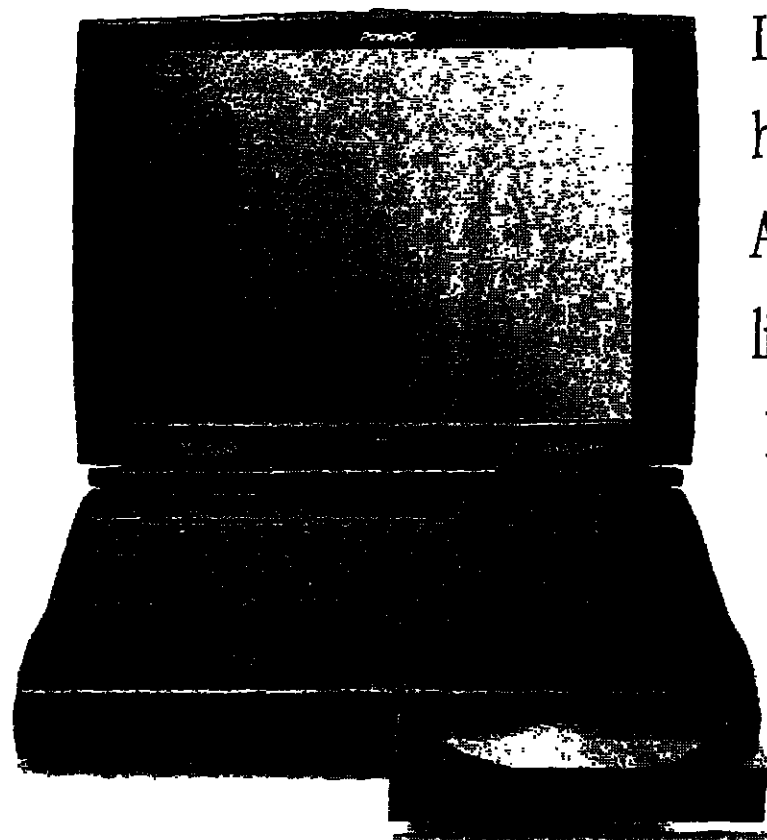
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'I am scared of going back to jail'

LOUISE WOODWARD, the British nanny convicted of killing baby Matthew Eappen, has spoken for the first time about her hopes and fears as she prepares for an appeal against her conviction tomorrow.

While the 30-year-old from Cheshire waits to learn her fate in the American courts, a team of eminent British neurologists and pathologists have concluded after studying the evidence that she is the victim of a miscarriage of justice.

The British experts are highly critical of their US counterparts, and unanimously agree that Matthew was suffering from a three-week-old injury, "and the slightest thing could have caused it to bleed again".

Woodward's fate - whether she is freed to leave the country or returned to jail - will be decided by seven judges at Massachusetts Supreme Court tomorrow. In an interview with Channel 4's *Dispatches* programme, she says: "Everyone tells me not to worry. But I am scared - I am scared of going back to jail. My best hope for the appeal right now is that they would say well this was ridiculous, should never have gone to trial, acquit her, let her go."

"I always thought that I would be exonerated anyway through the trial just by putting on a good defence and creating a more than reasonable doubt, that I would be cleared and I had all these images of walking out of the courtroom, you know it didn't quite go to plan ... I guess the best I can hope

The waiting is nearly over for Louise Woodward, the nanny convicted of manslaughter. Kim Sengupta reports

for at the appeal is that they will at least maintain the status quo. I just hope that they won't reinstate the second degree. The most I hope for, I guess, is that they will just leave it alone and let me go home."

The medical evidence was considered for the *Dispatches* programme by a professor of neurosurgery at Addenbrooke's Hospital, Cambridge, a neuro-radiologist and neuropathologist from Birmingham's Queen Elizabeth Medical Centre, and a paediatric pathologist from Queen's Medical Centre in Nottingham. They decided Ms Woodward could not have killed Matthew by shaking him and banging his head.

Professor John Pickard, from Addenbrooke's, says: "It's pretty incontrovertible ... that it was a previous clot." And Dr David Fagan, from Nottingham, adds: "I think it's very worrying from the point of view of neuropathology in the States. I have to say, I find it incredible that an apparently competent neuropathologist should miss something like that."

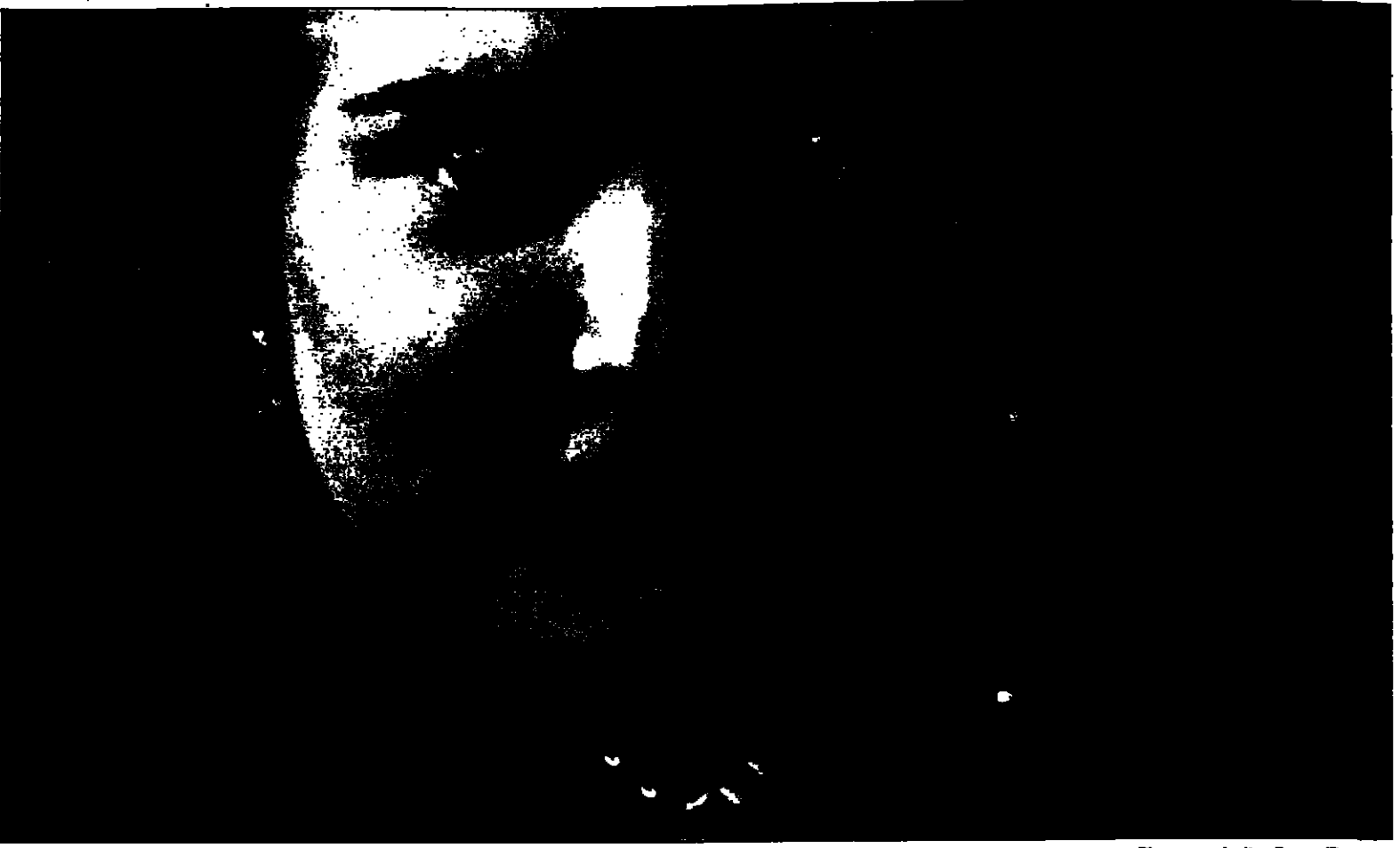
Woodward's lawyers, led by Barry Scheck, will ask the Supreme Court to clear her of

killing Matthew. If that request is rejected they will ask the court to confirm the trial judge's rejection of the charge and accompanying 279-day jail sentence. The prosecution will ask the appeal judges to reinstate Ms Woodward's second-degree murder conviction, which carries a life sentence.

The defence and the prosecution will each have 25 minutes to present their cases. The judges will deliver their verdict "in weeks or even months time", according to court official Liz Fearnsley.

Mr Scheck, speaking for the first time about the appeal says: "If Louise loses this she could spend the rest of her life in jail and since I believe very much we have proven that this is an old injury and that she couldn't have done what she was accused of doing I find that unimaginable, so it's pretty scary."

Woodward says she has no regrets about still being in the US. She continued: "I am kind of glad in a way that I didn't just leave court and then get on the next plane and get the hell out of America ... because it makes me realise America isn't all bad ... I've met a lot of nice people and it's given me some time to get myself together again."



Louise Woodward: 'Everyone tells me not to worry but I am scared. I am scared of going back to jail'

Photograph: Jim Bourg/Reuters

Paedophile must go, say residents of Milton Keynes

By Glenda Cooper
Social Affairs Correspondent

MORE than 100 angry residents of Milton Keynes were expected to start a campaign last night for the convicted paedophile Robert Oliver to be moved out of their area.

They say they are incensed that Oliver, jailed for the killing of 14-year-old Jason Swift, is having treatment at the medium secure unit, Blenheim House, after being hounded out of several towns.

Thames Valley Police confirmed yesterday that Oliver was at Blenheim House clinic. "The police and other agencies in Milton Keynes want to reassure the residents and re-emphasise appropriate supervision is being given to Mr Oliver and he does not present any danger to the public," said a spokesman.

But residents claim that the clinic has betrayed them by taking Oliver, who is there voluntarily. They say when the unit was set up only people detained under the Mental Health Act were to be treated there.

"In my personal view they are putting money before the welfare of the citizens of Milton Keynes," said Steve Coventry, a local councillor.

Oliver had served eight years of a 15-year sentence after being convicted of the manslaughter of Jason, who was threatened and gang raped in a flat in east London. Since being released

from Wandsworth Prison in September last year and registering on the national paedophile register, Oliver has been banded out of Swindon, London, Dublin, Liverpool and Manchester. He cut his hair and wore glasses, but when he arrived in Brighton, social services sent warning letters to the parents of 27,000 children in the town.

As a result he ended up in the police cell for four months for his own protection, but Sussex Police estimated that it cost the public £50,000 - £400 per day - to keep him under lock and key. Sex offender treatment centres refused to take him but Blenheim House, a new centre agreed.

"He can walk out whenever he likes," said Roy Copeland, who has helped organise the meeting. "It's right next to a hospital. In two or three minutes he can get to schools and nurseries if he chooses to do so. We want to protect the children of Milton Keynes. It's not a question of passing the buck ... we want the law changed, so there are tougher sentences and they are kept in more secure places."

But Ray Wyre, a therapist who has worked for many years with sex offenders warned: "Whatever we do to work with sex offenders people don't want us there. There is a major misunderstanding. Robert Oliver could live in a bedsit in Milton Keynes if he wanted and no one could do anything. He is not subject to statutory supervision."

Women 'bombarded' with fertility drugs

By Jeremy Laurence
Health Editor

Infertile women seeking test-tube baby treatment are being bombarded with drugs to stimulate ovulation, increasing the cost and deterring patients, a leading fertility expert said yesterday.

Professor Robert Edwards, who started the fertility revolution 20 years ago with the birth of Louise Brown, the world's first test-tube baby, said women were being dosed with too many hormones in each treatment cycle.

"We are seeing ever more drastic ovarian stimulation when we should be striving for simpler forms of treatment. Currently technologies are too expensive, which means *in vitro* fertilisation is not available to sufficient couples. It should be made available at much cheaper prices," Professor Edwards, of the

University of Cambridge, said women were routinely given 10 to 20 injections of different drugs to stimulate ovulation and up to 50 eggs were being retrieved. "What do we do with 50 eggs? I want four or five excellent eggs and embryos. This has got to go."

"We are doing things I think we should not be doing. In Oldham we used very low levels of hormones to stimulate patients. Since IVF spread worldwide it's turned into a pharmaceutical nonsense. We can't go on treating patients like this."

Speaking at a conference in London on IVF, Professor Edwards said cutting costs was key to making the treatment more widely available. Over the last 20 years, 300,000 IVF babies have been born worldwide, but there were thousands more couples who could benefit but were denied treatment because of the cost.

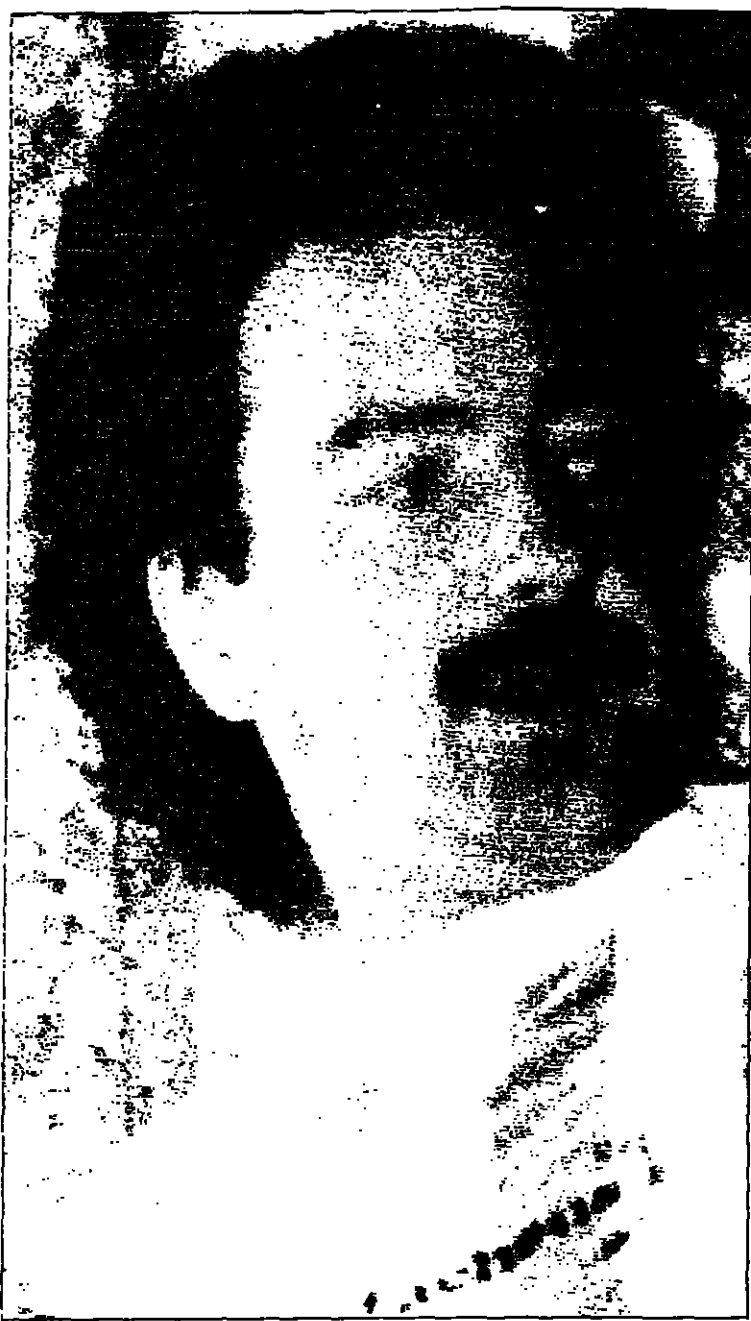
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Catholic Damien Trainor shot while having a drink with his friend

Shockwaves from killings rock the peace process

By David McKitterick
Ireland Correspondent

THE British and Irish governments and local political parties yesterday sought to shelter the peace process from the shockwaves generated by Tuesday's night's double killing in Poyntzpass.

Together they produced waves of condemnation which reflected the poignancy of the fact that loyalist extremists, in their efforts to damage the process, had killed Damien Trainor, a Catholic, and Philip Allen, a Protestant, who were close personal friends. Church leaders also joined in the condemning the shootings.

Unionist and nationalist leaders combined in unusual singleness of purpose in expressing their condemnation, with the Ulster Unionist leader, David Trimble, and Seamus Mallon, deputy leader of the Social Democratic and Labour Party, taking the uncommon step of visiting the homes of the bereaved together.

Many took comfort in the fact that the violence for once seemed to lead to a closing of political ranks rather than a sundering of relationships. At the same time, both the political and

security worlds are reluctantly coming to terms with the fact that the violent capabilities of those opposed to the process is growing at a disturbing rate.

The two killings are being laid at the door of the Loyalist Volunteer Force, the group founded by the assassinated loyalist Billy Wright. This means the LVF has carried out seven killings since Wright's death in late December, thus proving itself to be a major menace.

On the republican side, meanwhile, breakaway groups have also shown an ability to increase their bombing attempts, providing further worries for all concerned. The Taoiseach, Bertie Ahern, warned that there would be further attacks, adding: "That is the brutal reality of these things."

Tony Blair told the Commons: "We can all use the normal and right but ritualistic language about an evil atrocity and these appalling murders and how senseless and wicked they are - and they are all of those things."

"But I think that these two men who were murdered last night - two friends across the community divide - in a sense symbolised the future in Northern Ireland and those gunmen, in

the evil atrocity they committed, they symbolised the past."

His sentiments were echoed by the Catholic Archbishop, Sean Brady, who described them as killings which had not just claimed two young lives but cut to the heart of what the people of Northern Ireland held dear, and which gave them hope.

Mr Trimble said after visiting the families: "I am ashamed to think the perpetrators of this deed were Protestant. They were serving no cause and on behalf of the Unionist community I repudiate them and I repudiate their associates."

"All they are doing is killing off the hope we are trying to engender. But despite, and mainly because of this, we are going to try to continue to do our best to bring some political stability."

Mr Mallon added: "Our presence today, visiting these families together, is a clear indication to the entire community that the people who carried out these murders will not be allowed to drive a wedge between us."

Three men were last night being questioned about the attack. They were detained in the mid-Ulster areas several hours after the shooting.



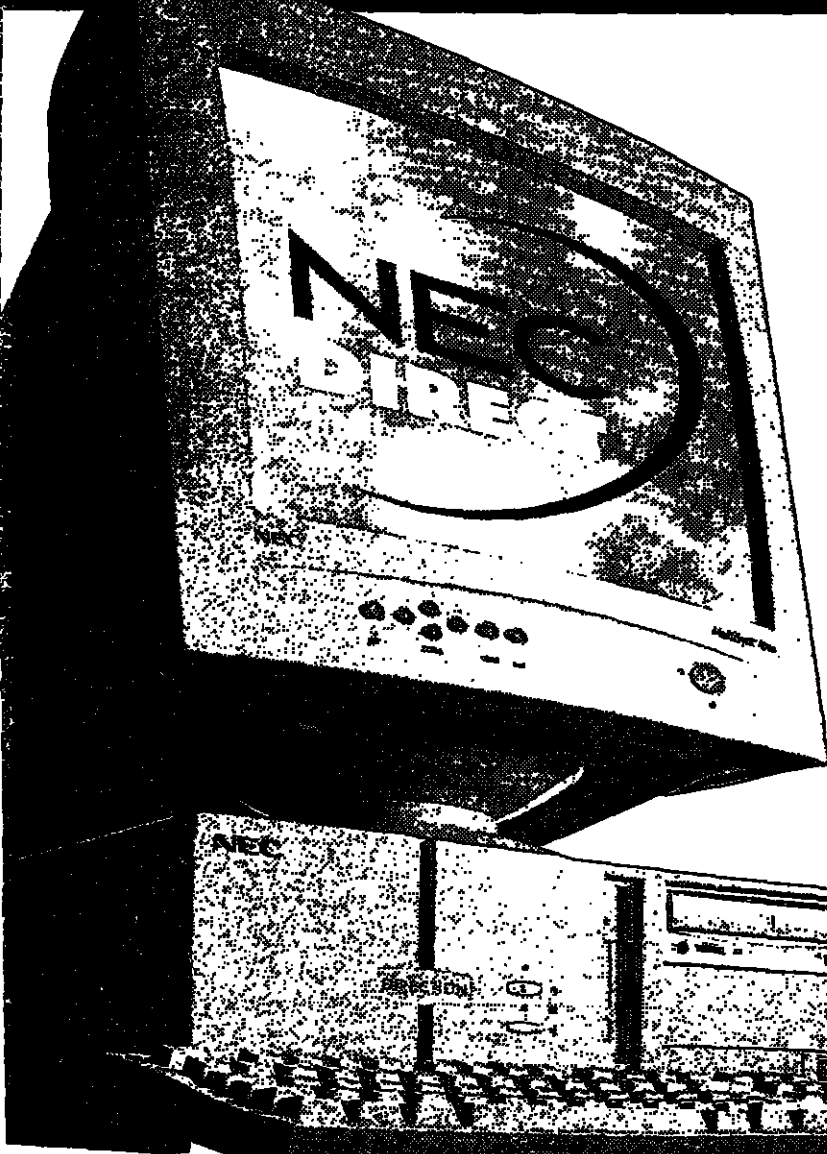
Philip Allen had asked Damien to be his best man Photographs: Pacemaker

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Terrorists laid bare by authors on the inside

THE secrecy of paramilitary organisations in Northern Ireland is being blown apart by a succession of literary bombshells.

As Northern Ireland peace-makers attempt to lure the terrorists out of the shadows, an unwanted spotlight is being shone on the gunmen by the publishing industry.

One by one, reformed terrorists and secret agents who were paid to work inside paramilitary groups are going into print to describe their cell structures, operations and internal politics.

The prospect of lucrative royalties has helped to ease the authors' fears of retribution from terrorist hit squads. One book is already a best-seller, and three more are expected to attract great interest, not least from the terrorists themselves.

Today sees the publication of Raymond Gilmour's *Dead Ground*, detailing his nine years masquerading as an IRA terrorist while working for the Royal Ulster Constabulary.

Gilmour joined the INLA at 16 before switching to the IRA, where he became a member of the elite Brandywell cell in Londonderry, whose operations he constantly thwarted by tipping off his RUC handler, known only as Pete. "In my time I saved hundreds of lives," he said.

Gilmour's cover was blown in 1982 when he told Pete that the IRA had taken possession of an American heavy-duty assault rifle. It was a fact known only to a handful of terrorists and Gilmour knew he would be exposed.

When he later admitted to his wife, Lorraine, that he was an RUC agent, she broke down in tears and begged him not to pursue his plan of giving supergrass evidence.

In 1984, the case against 35 men implicated by Gilmour collapsed in court. Since then he has lived in hiding.

Lucrative royalties have eased informers' fears of retribution says Ian Burrell

He still lives "overseas", but his wife and family have returned to Londonderry, unable to take the stress of life on the run.

Another account of life inside the IRA is already in the best-seller's list. In *Fifty Dead Men Walking*, Martin McGuire recounts how he was recruited by the RUC as a Belfast teenager. He claims his tip-offs saved more than 50 lives.

When his true identity was discovered in 1991 he was taken to a flat in west Belfast to be interrogated and executed, but escaped after throwing himself through a third floor window. He said: "People are now starting to realise that the agents working inside Northern Ireland are the unsung heroes and the effect of this is to make it more acceptable for people to pass information about the terrorists to the police."

A different perspective on life inside the IRA is expected from a forthcoming book being prepared by reformed terrorist Sean O'Callaghan, a former IRA commander who served eight years of two life sentences for murder. He is now a respected commentator on Northern Ireland affairs.

Meanwhile, disgraced former soldier Brian Nelson is believed to be writing *Agent Orange* about his time within the Ulster Defence Association. Nelson did nothing to stop many terrorist operations and in 1992 was jailed for 10 years for the murder of five Catholics before being released under a new identity.

Ulster killings

FROM FRONT PAGE

majority Protestant. It is free of the flags, bunting and slogans which both decorate and deface so many towns and villages: lying between loyalist Portadown and nationalist Newry it has chosen not to display its colours.

The fact that it has never experienced shootings or bombings meant that yesterday its residents exuded, in addition to their grief, shock, bewilderment and disbelief. An old man who had just attended morning Mass said: "In all my years it's the worst night I ever remember in Poyntzpass."

The village's three pubs are all Catholic-owned, but all have mixed clientele, a fact which bolstered the general assumption that they would not be targeted by loyalists. Unlike many Belfast pubs which are festooned with metal doors, cameras and other precautions, the bar had no security: all the gunmen had to do was turn the handle and walk in.

The gunmen are today probably celebrating their achievement of adding two more names to the list of the dead. They will congratulate themselves on having killed Damien, because he was a Catholic.

They will be less happy about killing Philip because he was a Protestant, but will console themselves with the thought that he brought it on himself by drinking in a Catholic-owned bar with a Catholic friend. "He shouldn't have been there," a loyalist source once explained about a past shooting. "He shouldn't have been mixing like that."

In the village everyone hoped that community relations would survive the killings, and many hoped the peace process would bring an end to such murder.

Great efforts will clearly be made to achieve this, but the brutal fact is that the Allen and Trainor families will now never know peace, and that the village will be indelibly stained with the blood of two friends.

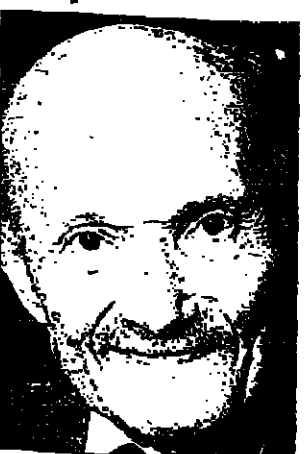
Philanthropist wins cash prize

THE WORLD'S largest annual cash award outside the sporting arena, the Templeton Prize for Progress in Religion, has been won by Sir Sigmund Sternberg, a philanthropist and businessman.

Sir Sigmund (right), who made his fortune through metal trading and real estate, is chairman of the Executive Committee of the International Council of Christians and Jews. He has won £750,000 - more than the Nobel Prize - for his work in "advancing the

world's understanding of God and/or spirituality".

Through his work at the ICCJ and the Sternberg Centre for Judaism in London, Sir Sigmund, 76, has worked to promote co-operation, harmony and understanding among the world's religions. He said yesterday that he was humbled by the award. "Nothing I have done, in any sphere, prepared me for myself to be the recipient of this most prestigious and meaningful of prizes. Quite the contrary."



صكمان الامل

**GW trains
are slow
and late, so
why should
the bosses
be making
millions?**

By Randeep Ramesh
Transport Correspondent

HE is the man who derided the sell-off of the nation's railways as a "folly". Yet yesterday Brian Scott, the chief executive of Great Western, was a green light away from becoming a multimillionaire from the privatisation he denounced in 1993.

Five years ago, Mr Scott—who has risen from a humble station master to head of one of Britain's biggest networks—wrote to the then transport secretary, John MacGregor, saying: "as an experienced, professional railway business manager, I would not put my money into a train-operating company."

Fortunately he did not take his own advice. FirstBus, a bus and rail group, confirmed yesterday it was in the "advanced stages" of buying up Great Western, which runs trains from London to Wales as well as commuter services in the north west. The estimated £200m deal, would see Mr Scott's £37,500 investment in 1996 rise by 133 times to £5m.

Other directors about to board the gravy train include Richard George, a former British Rail high-flier, who is set to make more than £3m from an investment of about £40,000 and Mike Carroll, the company's marketing director, who will pocket around £2m from seed capital worth less than £30,000. If the takeover is approved, seven GWH directors could well net more than £10 million between them. The deal will not impress the train company's customers. Dubbed "Late West,

Hasty BR sale cost taxpayers millions

THE last Tory Government's eagerness to sell off British Rail's operations as quickly as possible cost taxpayers hundreds of millions of pounds, a report by the National Audit Office revealed yesterday.

The Department of Transport received £1.8 billion from the sale of the three rolling stock leasing companies. Yet within months they were re-sold for a total of £2.65 billion in deals which made multi-millionaires of some managers, writes Randeep Ramesh, Transport Correspondent.

The first sale – of Porterbrook leasing in 1996 to bus giant Stagecoach – came just 7 months after it was privatised.

ern" by passengers, nearly 20 per cent. of services are "officially" late and punctuality is so bad that season ticket holders can now claim cash back from the company.

Local passenger groups have also accused the company of lengthening journey times by up to 7 minutes so it can improve punctuality. One regular traveller said yesterday: "It used to be known as God's Wonderful Railway. Now it is among God's worst."

Save Our Railways, the rail pressure group, yesterday wrote to both John Prescott, the Deputy Prime Minister, and John Swift QC, the rail regulator, asking them to block the sale and "derail this out-of-control gravy train".

Jonathan Bray, SoR's campaign director, said: "Trains are now slower, later and more complained about than under public ownership. Yet in the crazy world of privatisation this means the management will be rewarded with a publicly-subsidised, multi-million pound pay-off."

Local Labour MPs have also voiced their concerns. Dr Doug Naysmith, Labour MP for Bristol North West, criticised the possible sale and described the Great Western service in recent weeks as "utterly appalling".

The deal, which would see FirstBus up its stake from 24.5 per cent, is far from complete. John O'Brien, the franchising director, who sold off the railways, could put pay to any buy-out. A source close to Mr O'Brien said that the key to any change in the ownership was "how would the passenger benefit".

The deal made Porterbrook's managing director Sandy Anderson more than £33m.

According to the NAO report: "The speed with which such significant gains were realised were unusual". The last administration also vetoed any "profit tax" that could have seen any quick gains returned to the taxpayer.

The report also highlights concerns that under the current framework, no new trains can easily be rented.

"The Franchising director has serious concerns that bidders for new franchises will have little alternative but to lease the majority of the existing stock in use," the report says.



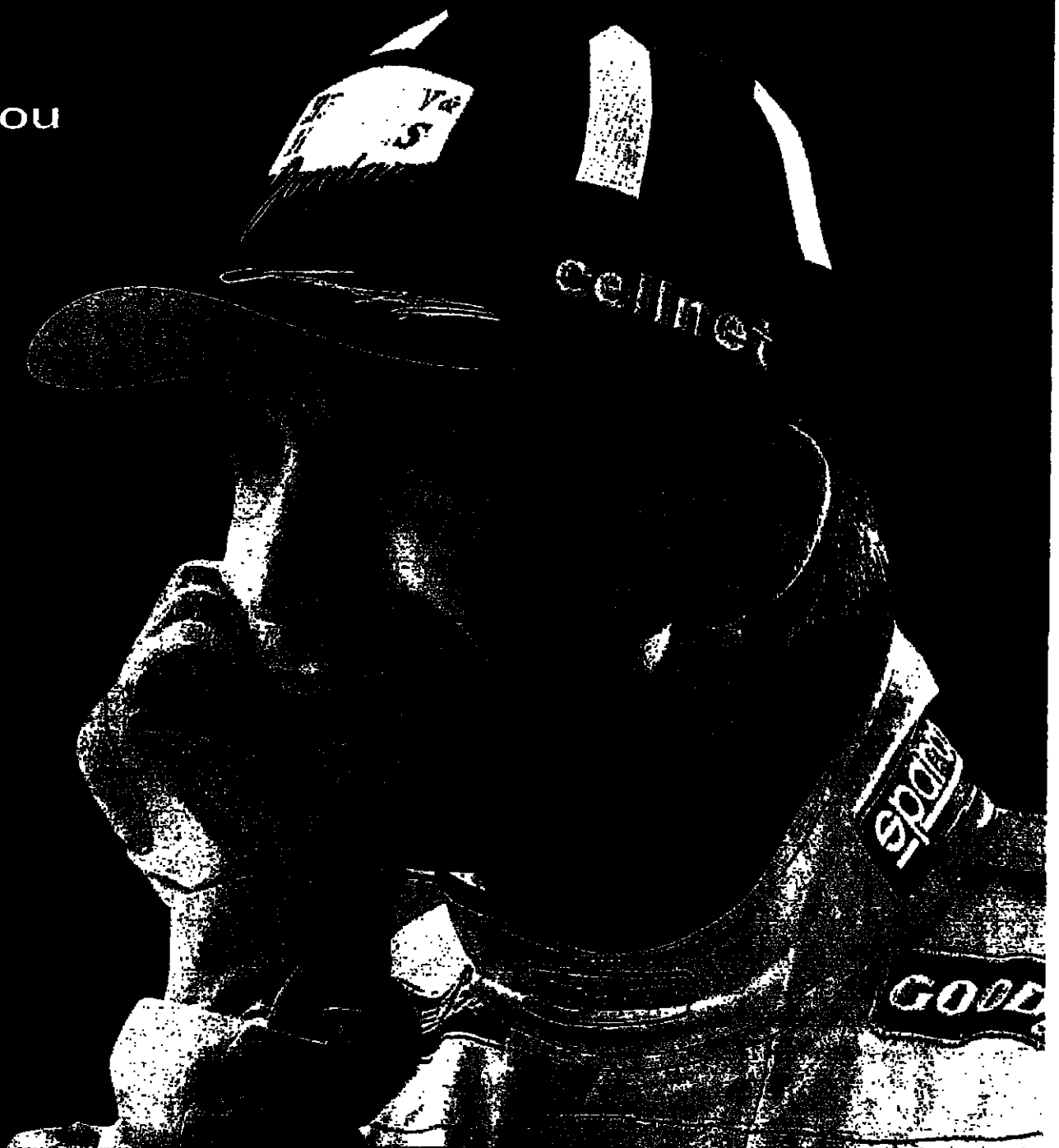
All aboard: directors Brian Scott (top) and Richard George are set to become wealthy. But the modern Great Western falls well short of the standards set by its namesake in the 1930s and 1940s when the preserved locomotive Defiant headed the express trains Main photograph: David Ashdown

Main photograph: David Ashdown

‘It used to be known as God’s Wonderful Railway. Now it’s among God’s worst.’

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Whips pressure MPs to block vitamin inquiry

By Anthony Bevins
Political Editor

GOVERNMENT whips are risking a Commons row – and a possible charge of contempt of Parliament – by putting backdoor pressure on Labour MPs to block a select committee inquiry into Vitamin B6.

The Independent reported on Tuesday that the agriculture committee had formally decided to investigate controversial government plans to curb the sale of Vitamin B6.

But at a private meeting of the committee on Tuesday morning, that decision was re-opened by Peter Luff, the Conservative chairman. The Independent has been told that some of the Labour MPs on the committee protested that the inquiry decision had been taken in their absence, and the question is to be discussed again next Tuesday.

Mr Luff told the PA news agency on Tuesday night: "We have not taken a decision yet, but it's under consideration by the committee."

In fact, a decision had been taken, but it had been decided to reconsider it following the Labour protest.

Any hint of pressure from the whips is bound to backfire, and it is now expected that the inquiry will be given the go-ahead next week. If the Labour majority was mobilised to vote down the inquiry, it is possible that a formal complaint would be made about whips' pressure to the Commons Committee on Standards and Privileges.

The last time a government whip put pressure on a Commons select committee was in October 1994, when David Willetts, the former Tory whip, was alleged to have brought improper pressure to bear on an investigation into Neil Hamilton and the cash-for-questions affair. In December 1996, Mr Willetts was censured for discussing the work of the committee with its chairman.

Under government proposals, over-the-counter B6 sales of more than 10 milligrams a day will be restricted to pharmacies and any doses over 50mg a day will have to be prescribed by a doctor.

Marion Allen, chairwoman of the National Association of Health Stores, said yesterday that the agriculture committee should resist party pressure to abandon its inquiry.

"The inquiry would examine why Vitamin B6, taken by millions of Britons in doses up to 200mg daily, is under threat," she said.

"Since the Government announced proposals to restrict its

free sale to just 10mg, MPs have received more than 100,000 protest letters and a report from 200 doctors and scientists rejecting the decision as 'a wholly inadequate consideration of the scientific data'."

A Ministry of Agriculture spokesman said ministers had received 11,500 protest letters, and 1,300 letters passed on by MPs.

Many of the letters have been sent in standard format, which includes the sentence, "Along with many thousands of other consumers,

I take 100mg of Vitamin B6 on a daily basis to help maintain my general health and to ease the discomfort of pre-menstrual tension." Many such letters, it was said, had been signed by men.

The ministry said the Government was acting on advice from the Committee on Toxicity, that large doses could damage people's health. The spokesman said the maximum daily dose permitted in other European Union member states was 6mg – as was the case in Germany.

Crash pilots' families lose fight

The families of two helicopter pilots yesterday failed in their attempt to get a select committee investigation into the Chinook crash on the Mull of Kintyre in which 25 intelligence officers were killed, writes Colin Brown.

Bruce George, the Labour chairman of the Commons select committee on defence, made it clear at the start of its hearing that the committee could not act as a substitute court of appeal over the findings of an accident investigation which found the two pilots, who died in the crash, guilty of gross negligence. The families of the pilots have been fighting for their names to be cleared, claiming that the pilots may have switched off a hi-tech on-board computer system because they were worried about its performance.

John Reid, minister of defence, said he had looked again at all the evidence over the past 48 hours with "compassionate eye" and had found nothing to challenge the inquiry findings. He stressed that he would be prepared to look at any new evidence.

He was challenged over the reliability of the computer system by Menzies Campbell, Liberal Democrat spokesman on defence, and Crispin Blunt, a former adviser to the ex-Tory defence secretary Malcolm Rifkind, who was in office at the time of the crash.

Mr Blunt raised serious questions about the reliability of the computer system, code-named FADEC, raised by a former test pilot, Squadron Leader Robert Burke. The defence minister said there was no record of any incidents being reported by Squadron Leader Burke.



No blues here: George Melly after receiving a special lifetime achievement award yesterday for his contribution to jazz. The 71-year-old singer was honoured during the 12th BT British Jazz Awards. The singer and writer said: 'I'm delighted, jazz was my first love – though I do feel like I'm getting the award just for being old!' Photograph: David Rose

Nuclear subs may end up on land

BRITAIN'S old nuclear submarines may be cut up and brought ashore because the Government no longer has any credible long term plans for burying highly radioactive material deep underground, writes Nicholas Schoon.

George Robertson, Secretary of State for Defence, announced yesterday that the Ministry of Defence is considering abandoning the medium-term strategy of keeping the decommissioned submarines afloat in Royal Navy dockyards.

There are already 11 of them at Devonport, Plymouth, and Rosyth near Edinburgh, including the old Polaris inter-continental missile vessels. With 15 nuclear submarines now in service, the number of out-of-action radioactive hulks is set to increase over the years, and the two docks will run out of space.

When nuclear-powered submarines are taken out of service, the radioactive fuel rods are taken out of their reactors, which are then taken to British Nuclear Fuel's plant at Sellafield, Cumbria, for long-term storage.

But parts of the submarines are still radioactive, although next to no radiation escapes into the outside world. The MoD says they can be kept afloat indefinitely without any risk, provided they are regularly inspected and maintained.

Now it is considering interim land storage, which would involve cutting out the entire reactor compartment and storing it ashore in a guarded site.

The reactor compartments would take up less space than the submarines and there would be no leakage of radioactivity. The rest of the vessel would be cut up for scrap. Alternatively, the MoD might find other locations to keep them afloat.

Software that has 'millennium bug' still on sale

By Anthony Bevins
Political Editor

COMPUTER systems that will crash at the end of next year are still being sold by manufacturers and retailers, the banks warned yesterday.

The British Bankers' Association, which represents 300 banks from 60 countries operating in Britain, told the Commons Science and Technology Committee that banks were spending about £1bn tackling the "millennium bug".

The "bug" problem is caused by computers that have not been programmed to recognise the two-digit year 00 as 2000, but will revert to 1900. Because many programs are "buried", and because many networks are inter-dependent, any system breakdowns could create unknown domino effects.

In evidence to the select committee yesterday, officials from the Health and Safety Executive said there was no major hazard risk from any of the critical areas for which they

were responsible – nuclear, chemical, offshore oil, mines and railways. But the banks appeared much more concerned about the scale of the commercial threat.

"New systems continue to be supplied by manufacturers and retailers which are non-compliant [with 2000]," the association said in written evidence. "These include some which may purport to be compliant."

"At a time when there is pressure on businesses to act, it is vital that those who choose to

replace their hardware and software are given unambiguous compliance information about what they are buying as replacements."

It then called on the Government to make it illegal to sell computer equipment that could not cope with the date-change, saying: "The imminence of year 2000 means that non-compliant systems supplied now ought to be declared unfit for their purpose under the law."

The association also said it was concerned that some small-

er software houses, which did not have the staff to cope with remedial work, would simply choose to go out of business rather than face legal liability.

As for contingency plans, the banks hinted that they could be left with a pen-and-paper fail-safe – which "could be a huge operation". They warned: "If the problem is not solved in the core national payment systems, it would mean that the vast majority of salaries, pensions and other direct debits/standing orders would not be paid."

At current levels of business, inter-bank payments systems dealt with the equivalent of a year's national product every six days, and any payments breakdown could trigger a chain reaction of business failures.

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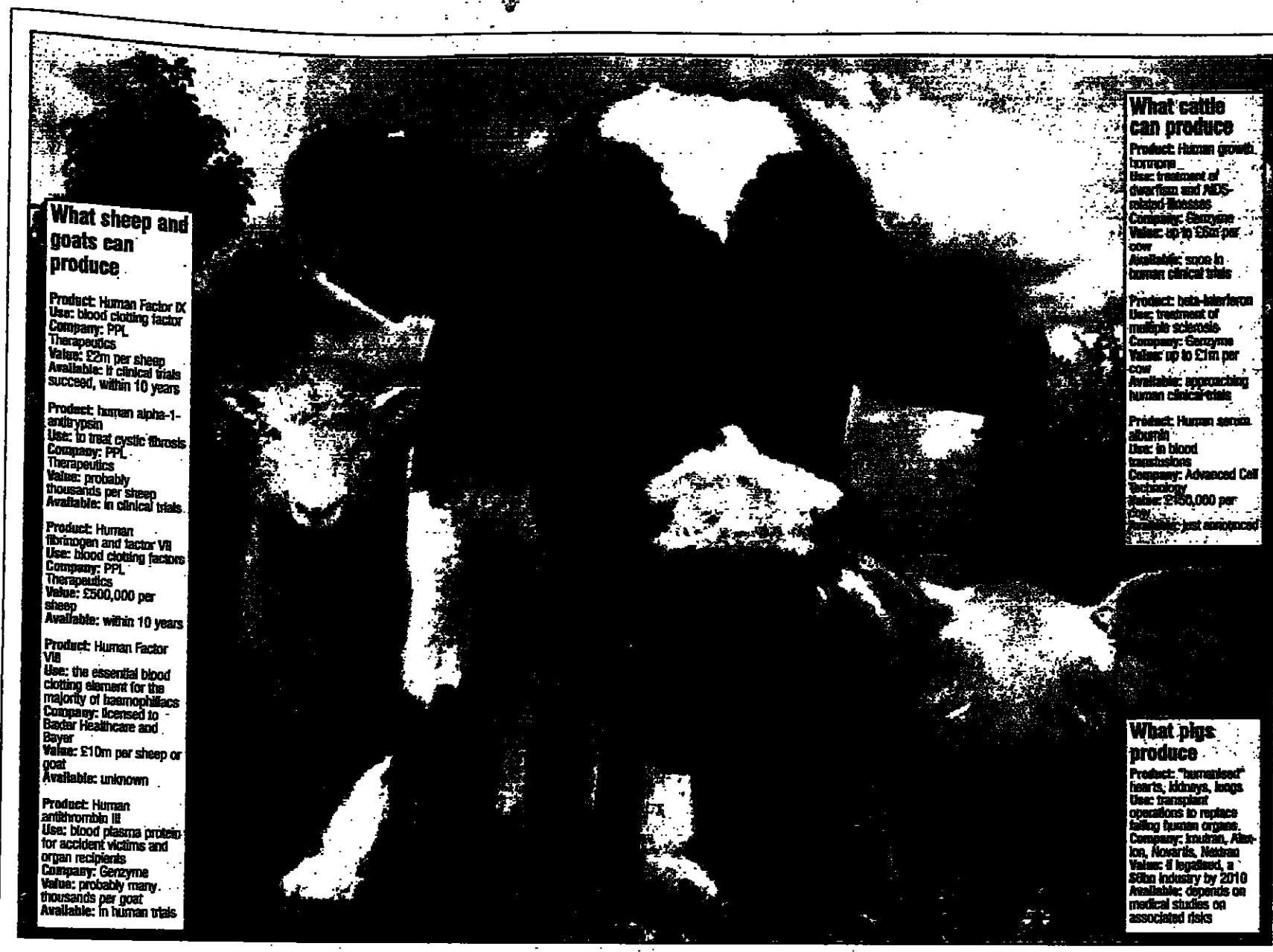
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What sheep and goats can produce

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Use: blood clotting factor
Company: PPL Therapeutics
Value: £2m per sheep
Available: if clinical trials succeed, within 10 years

Product: human alpha-1-antitrypsin
Use: to treat cystic fibrosis
Company: PPL Therapeutics
Value: probably thousands per sheep
Available: in clinical trials

Product: Human fibrinogen and factor VII
Use: blood clotting factors
Company: PPL Therapeutics
Value: £500,000 per sheep
Available: within 10 years

Product: Human Factor VIII
Use: the essential blood clotting element for the majority of haemophiliacs
Company: licensed to Baxter Healthcare and Bayer
Value: £10m per sheep or goat
Available: unknown

Product: Human antithrombin III
Use: blood plasma protein for accident victims and organ recipients
Company: Genzyme
Value: probably many thousands per goat
Available: in human trials

What cattle can produce

Product: Human growth hormone
Use: treatment of dwarfism and AIDS-related illnesses
Company: Genzyme
Value: up to £50m per cow
Available: soon in human clinical trials

Product: beta-interferon
Use: treatment of multiple sclerosis
Company: Genzyme
Value: up to £1m per cow
Available: approaching human clinical trials

Product: Human serum albumin
Use: in blood transfusions
Company: Advanced Cell Technology
Value: £500,000 per cow
Available: just marketed

What pigs produce

Product: "humanized" hearts, kidneys, lungs
Use: transplants to replace failing human organs
Company: Transnexus, Alameda, California
Value: £1m per pig
Available: depends on medical studies on associated risks

Pharmed animals go to market

Pharmaceutical firms could soon be making a fortune from cloning, writes Charles Arthur

IN THE new world of "pharming" - using farm animals to produce pharmaceutically useful products - there was no bluster in the announcement this week by PPL Therapeutics that 50 cloned sheep could satisfy the £100m world market for the Factor IX blood clotting protein.

It is only the start of a huge industry, made possible by the twin technologies of genetic engineering and cloning.

Where once the most valuable capital item a technology company owned was a factory, in future it will be a living, breathing animal. It will naturally generate enough of some valuable protein to make it a better wage-earner than any City slicker. And it won't even demand a company car: a big enough field with nice grass will suffice.

But for the companies, defending their property - and trying to extend it - will become an ever bigger business. PPL has already been thwarted in its wish to produce transgenic animals which produce the far more valuable Factor VIII clotting protein. That is used to treat the majority of haemophiliacs (unlike Factor IX, which is used to treat those with the rarer form, haemophilia B). The world mar-

ket for Factor VIII is worth half a billion pounds. But the Scripps Institute, in La Jolla, California, has the patent on the gene that encodes the production of the protein. And it has licensed its use to Baxter Healthcare and Bayer - but not PPL.

Other companies are developing pigs whose organs are coated with human proteins, so that their kidneys, lungs and hearts could be transplanted into humans, where the numbers on waiting lists typically outnumber donors by three to one.

How much could the involuntary organ donors be worth? Presently there are just 45,000 human transplants annually. But there is no official market in organs. However, a recent estimate by analysts at Salomon Brothers reckoned that if we could use pig organs, they would create a \$6bn (£3.75 bn) market, in which 455,000 transplants from animals would be performed. That would make each animal worth just £25,000 - implying that the figures are probably underestimates.

Given the choice between dying and paying huge amounts for a pig organ, rich people would surely choose the latter.

The technology underlying the implementation of all these methods, though, is cloning. Breeding a transgenic animal with another, normal one always carries the risk that the money-making gene would be lost. By cloning from the embryo or the adult of the transgenic animal - techniques that PPL has demonstrated are feasible - the companies can rest assured that their investments will continue for generations.

Blair urged to map out strategy

By Glenda Cooper
Social Affairs Correspondent

INDUSTRY leaders, equal rights campaigners and parents' groups have joined forces to demand that the Prime Minister reveal how the Government's childcare strategy is going to be funded.

The Childcare Group, which includes the Institute of Directors, the Confederation of British Industry and the Equal Opportunities Commission, is calling on Tony Blair to address a series of crucial issues.

In a letter to the Prime Minister, the group says the key points that must be tackled if the childcare strategy is to succeed include making public information about sources of funding. They add that the strategy should meet the needs of all working parents with children up to the age of 14.

The group calls for additional tax exemptions for childcare services "so as to create a level playing field between the different forms of childcare assistance".

The Independent has launched a campaign for tax allowances for working mothers, calling on the Chancellor to help women to return to work. And figures from the Office for National Statistics show there is great need.

Young mothers are more likely to work than a decade ago, says the statistics office, confirming that women are increasing their share of the labour force.

Economic activity rates for women with children increased from 59 per cent in 1987 to 67 per cent in 1997, while women's share of the workforce rose from 42 per cent to 44 per cent.

The number of women with a part-time job increased by 643,000 while full-time women workers rose by 595,000 over the decade.

The Childcare Group is also lobbying the Government to make sure that employers are "fully involved" in developing and delivering the childcare strategy. It says the Government should also provide a summary of funds available - for example challenge funds, regional development funds, social funds, local authority budgets, education budgets and private investment.

The letter warns that measures must be taken to ensure projects started can be sustained. In the last year, 800 pre-schools have closed and a further 1,500 predict they may close within the next 12 months.

"Sustainability is the key," says Sheila Wild, director of the Equal Opportunities Commission. "There can be very good projects started up but do not have sustainable funding, particularly in areas where there are low-income families. No responsible parent wants to put their child into childcare that is precarious."



DAILY POEM

Spring
By Sophia de Mello Breyner
(translated by Richard Zenith)

Through earlier lives water and stone
Ancient memory slowly passes
With the breeze honeysuckle and spring
And the desire of this naked young night

Shade of the foliage on the walls
Music passing through the veins
Bare feet walking on green moss
And the transparent distracted night
With its brief intense rose flavour
In which my love I remember dying
- Wild blood of a season possessed

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Retreat by Irvine over legal-aid cutbacks

By Jason Bennetto

THE LORD Chancellor has retreated on plans to withdraw legal aid from almost all civil cases, but announced yesterday that most disputes involving personal injuries are to be replaced with "no win, no fee" arrangements in court.

Lord Irvine unveiled proposals to cut the £1.4bn legal aid budget by £100m a year. However, he has postponed a controversial plan to remove financial aid for medical negligence claims.

The initiatives are aimed at reducing the expanding legal aid bill, while giving people on modest incomes who cannot afford to pay for private action, a way of bringing cases to court.

Lawyers yesterday attacked the plans to remove legal aid from most personal injury cases - such as those arising from car accidents - arguing that solicitors may refuse to take up complex cases in the future because of fears that they could lose huge sums of money.

Under the "conditional fee" system lawyers get nothing if they lose a case, but can charge up to double the fees if they win.

In the proposals, contained in the consultation paper, "Access to Justice with Conditional Fees", the Lord Chancellor intends to replace legal aid with "no win, no fee" in a number of areas by summer. As well as car accident cases, they also include industrial injury or illness cases, arguments over wills, boundary and business disputes. But cases that can be shown to have a public interest because of the implications for other victims may still get taxpayers' support.

Conditional fees were made optional for personal injury

cases in 1995. So far, the Government said, more than 34,000 cases have been brought.

In October, Lord Irvine said he wanted to "exclude most claims for money or damages from legal aid" by April, but lobbying from lawyers and consumer groups appears to have changed his mind.

The consultation document says that medical negligence cases will continue to be eligible for legal aid, at least for the next two or three years, after which the Lord Chancellor is said to want it replaced by a "no win, no fee" arrangement.

Legal aid will still be available for family and criminal cases, judicial reviews, problems involving housing, and people defending claims against them for money or damages.

Yesterday's paper said civil and family legal aid had been rising at an "unacceptable rate", tripling over seven years to £671m, while the number of people helped has fallen.

The Law Society, which represents solicitors, strongly criticised the plans to replace legal aid for personal injury cases. A spokesman said: "There are many people who will fall through the net. Not all personal injury cases are straightforward and lawyers may be reluctant to take on complex ones, or where the damages claimed are very high."

The Bar Council, representing barristers, welcomed the decision to postpone the withdrawal of legal aid from many cases, but criticised ending it for personal injury cases.

"To force people who have had accidents at work, or on the road, to fund their claims by 'no win, no fee' is illogical, unfair and premature," said chairman Heather Hallett QC.



Romantic look A model wearing a hand-printed gown with matching wrap from Dolce e Gabbana's (right) autumn/winter collection in Milan yesterday Photographs: AP



Dolce e Gabbana put traditional seal on Milan collection

By Tamsin Blanchard
in Milan

ITALIAN designers flew the flag at Milan Fashion Week yesterday. Dolce e Gabbana's floral collection for autumn/winter '98 was inspired by a walk through a Mediterranean garden, making use of some of the country's traditional handicrafts including hand-painted fabrics from Como, local embroidery techniques and Sicilian fringed scarves.

At a press conference earlier in the week, Stefano Gabbana took half an hour out of his pre-show schedule to talk the media through a small preview of the new collection. "Each shawl takes a week to make," he assured us.

The clothes are mostly one-off pieces, hand-painted with yellow mimosa sprays, hydrangeas and garden insects. Bumble bees buzz around the skirt and a diamond drag-on fly purchases on the strap of a pair of shoes. "This is craftsmanship you can only get in Italy," said Mr Gabbana.

The collection was as sexy as we have come to expect from one of Italy's most famous fashion exports, with bras built into bustier dresses and painted stretch net

dresses worn over shiny silver rubber underskirts.

It is not often you get to ask a designer about the washing instructions for their garments, but these clothes look so fragile and delicate that the question seemed necessary. Yes, the pieces can be dry-cleaned. And even better, the gold plastic brocade, one of the collection's new additions, can be wiped clean. Prices range between £1,250 and £6,000 but the shawls in particular, are like heirlooms to be passed from generation to generation. Although still ready-to-wear, this is the closest Dolce e Gabbana get to haute couture. Madonna, the designers' friend who they have dressed for her latest album, will no doubt order heavily from the collection.

Earlier in the day, the Moschino collection was upbeat and assured, with hand-crocheted edgings on coats, satin striped Yves Saint Laurent-inspired evening wear and the season's inevitable box pleat skirts. Since the designer's death in 1994, the label has continued to produce humorous clothes with slogans and logos like "if you can't be elegant, at least be extravagant." The message yesterday was "create your own destiny."

Campus ire at tuition fee plan

Student leaders claimed to have staged the largest campus protest in history yesterday as an estimated 2 million people boycotted lectures in protest at university tuition fees, writes Ben Russell.

The National Union of Students said the walk-out far exceeded expectations. Means-tests tuition fees of £1,000 a year will be charged from October and student grants will be replaced with government-backed loans. The action came two days after the Bill to impose tuition fees suffered two defeats in the Lords. Peers voted through an amendment to restore student grants. David Blunkett, Education Secretary, has pledged to overturn the amendments. Student leaders have blamed the decision to introduce fees for a fall in the number of university applications this year.

Fraud-charge man to return to UK

AN AUSTRALIAN man yesterday lost his battle against extradition to Britain where he is wanted for a £2m fraud involving diet tea.

Peter Foster, a former lover of ex-Page Three model Samantha Fox, was ordered by judges in Brisbane to face five counts of fraud brought against him by British police in April.

He has been jailed in several countries for producing phoney diet teas and pills. After the hearing Mr Foster produced a written statement saying: "It's like Calipoli all over again. The British give the orders and we follow them without considering the real risk to life and limb."

Sixth-form grants

Sixth formers from deprived backgrounds should be entitled to "modest" financial help of about £500 pounds a year to pay their way through school or college, a senior government advisor said.

A package of measures was also being considered to help teenagers with transport to lessons, Graham Lane told MPs.

A new idea

The rare palmate newt and nightingales in Kent will be among beneficiaries of £7.83m for Wildlife Trusts announced at the Heritage Lottery Fund's special environment seminar in London, writes Stephen Goodwin. Lord Rothschild, fund chairman, said protecting land was one of the most attractive ideas emerging from the debate on spending lottery funds.

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Giant theme park to create 6,500 jobs

PLANS for Britain's biggest theme park were unveiled today - with the promise of 6,500 new jobs.

Developers want to give millions of visitors the 21st century's best "white knuckle" rides in the £500 million park planned for 800 acres of farmland near the M4 in south

Wales. It would also be the world's first all-weather theme park, with much of it covered by a huge hi-tech membrane.

A Bristol-based consortium, Legend Court Ltd, revealed their plan at a golf club near the proposed site at Magor, just a minute's drive from the new Severn bridge.

A detailed planning application will be submitted to Newport and Monmouthshire County Borough Councils next month. If approved, the park would open in summer 2001 for an estimated 2.7 million visitors a year.

Councillors are concerned about the impact of such a

huge development on nearby villages. But the developers promised it would be "environmentally friendly", and said there would be full consultation.

A public inquiry on the massive scheme is expected, possibly next year, with the final decision being taken by Welsh Secretary Ron Davies.

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Faces in the Hong Kong crowd look out on another bomb scare



Passengers on a Hong Kong tram looking out over an advertisement on the vehicle's side. Their interest had been attracted by police blocking off a street to deal with a suspected parcel bomb - the second such alert in three days

Photograph: Bobby Yip/Reuters

Thatcher link to Chechens will embarrass UK

By Steve Crawshaw

BARONESS Thatcher will host a dinner for the president of the breakaway republic of Chechnya in London next week, in a demonstrative act of support which seems likely to irritate and embarrass the Foreign Office in equal measure. The British government has kept the Chechens at arm's length, despite their continued proclamations of independence. In Moscow and Chechnya, the former prime minister remains a name to conjure with.

Aslan Maskhadov will have no shortage of big-name supporters during his time in London. Imran Khan is hosting a dinner for the Chechen leader, as is the former chairman of the Conservative Party, Lord Tebbit. Mr Maskhadov's visit is being hosted by Lord MacAlpine, businessman and former Tory treasurer. Lord MacAlpine was an important ally of the late Sir James Goldsmith, whose daughter Jemima is married to Imran Khan.

Lady Thatcher's support for Mr Maskhadov is a remarkable

turnaround. During the Soviet era, she was the most loyal international supporter of the then Kremlin leader, Mikhail Gorbachev, and was notably reluctant to criticise the Soviet use of force against the Baltic states and in the Caucasus.

Part of the explanation for her high-profile support for Mr Maskhadov may lie in her warm relationship with Lord MacAlpine, who has become the most vocal supporter in Britain of the Chechen cause.

The Chechen leadership is keen to distance itself from international perceptions of lawlessness. In what may partly be an attempt to gain favourable publicity ahead of next week's visit, Chechnya yesterday announced a reward of \$100,000 (£62,000) for anyone helping to find the two British aid workers who were kidnapped in Chechnya last year, Camilla Carr and Jon James. The government appealed to the kidnappers: "If you still have honour and conscience, and feel any compassion for the Chechen people, you must release the hostages."

Lord MacAlpine's support for

the Chechens is said by his friends to be based on an "instant affinity" and his liking for "a very impressive people". He visited Chechnya last year, and has played an important role in trying to establish investment funds for Chechnya, where he seems set to become a key regional player.

Analysts of Caucasian affairs argue that Lord MacAlpine is also interested in the potential commercial spin-offs in the region. The routing of an oil pipeline through Chechnya could have key implications in the years to come. A new Chechen-led investment fund wants to raise \$30m (£18.6bn) for the Caucasus region.

When Chechnya declared independence from Russia, President Yeltsin launched a bloody war against the rebels. Large parts of the capital, Grozny, and other Chechen towns were destroyed. Tens of thousands died.

A peace agreement left Chechnya as a kind of no-man's-land. The Russians have partly renounced their claim to dominate Chechnya, while still refusing to acknowledge Chechnya as an international player.

Big powers meet to avert Kosovo war

By Andrew Gurnbel in Belgrade

FOREIGN ministers of the six Western powers who brokered the end of the war in Bosnia will meet in emergency session for the first time in more than two years on Monday to discuss ways to avert a major conflict in Kosovo. Almost 30 people died in the Albanian-dominated province in southern Serbia over the weekend.

On the ministers' agenda will be the possibility of reimposing full sanctions on Serbia and Montenegro, the rump successor state to the old Yugoslavia, whose president, Slobodan Milosevic, built his career on stirring up ethnic tension in Kosovo.

Ministers from several countries have already made clear that they see Mr Milosevic as the key figure, and intend to apply all possible pressure on him to return to Kosovo at least part of the autonomy he took away in 1989. The meeting of the so-called Contact Group, comprising Britain, France, Germany, Italy, the United States and Russia, will be chaired in London by Robin Cook, the Foreign Secretary, who will be in Belgrade today for talks on behalf of the European Union with Mr Milosevic and other Serbian and Albanian leaders.

Speaking to reporters in Bosnia yesterday, Mr Cook warned that the violence in Kosovo could "all too easily spill over" into other Balkan states.

He said greater autonomy for the province had become a matter of urgency. Western diplomats fear any full-scale revolt by the Kosovo Albanians, who make up 90 per cent of the population, could draw in fellow Albanians in Macedonia and possibly Albania itself.

Pro-government opinion in Belgrade yesterday deplored the West's apparent readiness to pin blame for the crisis on Serbia's shoulders, saying the terrorist threat posed by Albanian separatists should not be underestimated. Belgrade says last weekend's killing spree by Serbian police was triggered by an ambush in which two uniformed officers were murdered. Mr Cook was careful to condemn all violence: "We will not tolerate anybody who uses the bomb and bullet rather than the ballot box and peaceful political exchange," he said.

He was cautious, too, about the threat of reimposing sanctions, pointing out that punitive measures against Yugoslavia were still in place, denying the country access to international credit. The United States' special envoy to the Balkans, Robert Galbraith, was more outspoken: "You will see over the course of the next several days some very serious action by the United States and our close allies... the economy right now in the Federal Republic of Yugoslavia is dismal... The situation could become an awful lot worse and we can make it worse."

Prince guilty in 'farce' trial

Cambodia's deposed co-prime minister, Prince Norodom Ranariddh, was convicted on a weapons-smuggling charge in a trial viewed as legal farce but a political necessity. Prince Ranariddh, driven into exile in a coup in July by his rival co-prime minister, Hun Sen, was convicted in absentia and sentenced to five years' jail. No other outcome was expected from the Hun Sen-controlled court. The accusations, yesterday's trial and another scheduled for 17 March have been viewed as politically motivated.

— AP, Phnom Penh

Annan's man

The UN Secretary-General, Kofi Annan, is expected to name an Indian diplomat as his new special representative to communicate with Iraq. Prakash Shah was India's UN ambassador until a few months ago and has served in Japan and Malaysia. — Reuters, New York

Space power

Eileen Collins, America's first female space shuttle pilot, will become the first woman in charge of a US space mission at a White House ceremony where President Bill Clinton will emphasise the importance of maths and science studies. — AP, Washington

Hazy outlook

The haze that blanketed South-East Asia last year is coming again to Singapore and will probably be worse: the Indonesian land-clearing fires that burned out of control for several months, starting last July, have already started again this year. — AP, Singapore

US widens sexual harassment law to cover same-sex bullying

By Mary Dejevsky in Washington

MEN bullied by male colleagues, and women by female colleagues, will be able to sue under US sexual harassment laws if there is a sexual aspect to the bullying, following a landmark judgment handed down by the US Supreme Court yesterday. Until now, lower courts have rejected "same-sex" harassment claims, arguing that sexual harassment is possible only between the sexes.

The test case was brought by a Louisiana oil worker, Joseph Oncale, who gave evidence that he was subjected to sexual taunts, physical assault and threats of rape from two supervisors and a fellow worker while employed on an oil rig in the Gulf of Mexico seven years ago.

Mr Oncale said he reported the harassment twice to management on the rig, but no action was taken.

He resigned after four months, citing fears that the harassment would escalate into rape and sued for sexual harassment. The three defendants said what happened on the all-male rig was just horseplay.

In their unanimous ruling, the Supreme Court justices said Mr Oncale could pursue his case for sexual harassment, though they cautioned that such suits could succeed only if there was proof that the discrimination or attacks were based on gender, "not merely tinged with offensive sexual connotations".

"The prohibition of harassment on the basis of sex", the court ruled, "forbids only behaviour so objectively offensive as to alter the conditions of the

victim's employment." Anything less, it said, was beyond the reach of the law.

The Equal Employment Advisory Council, a national watchdog, had opposed any change, fearing that allowing same-sex harassment suits could dilute the significance of claims brought by women for sexual harassment.

The Supreme Court, however, tried to preempt such criticism, stressing that the context of the alleged harassment had to be taken into account: "A professional football player's working environment is not severely or pervasively abusive, for example, if the coach smacks him on the buttocks as he heads on to the field - even if the same behaviour would reasonably be experienced as abusive by the coach's secretary (male or female) back at the office."

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China's new PM takes an axe to mandarins

By Teresa Poole in Peking

CHINA'S annual parliament opens today to appoint the country's first new prime minister in 10 years.

Zhu Rongji, the top economic policy-maker, will take over the job with a mandate to impose the most sweeping structural reorganisation of China's over-manned and inefficient government bureaucracies since Deng Xiaoping launched the country on the path of reform two decades ago.

The Zhu blueprint includes abolishing up to a dozen ministries, a clear-out of many senior ministry officials and large-scale lay-offs among the bloated ranks of civil servants.

"Mr Zhu is putting his reputation on the line from the word go," said one Western diplomat.

"He wants a more powerful and effective government to

come out of this. It is quite a daring thing to do."

Mr Zhu, 69, has already made enemies in his current job as first deputy prime minister in charge of the economy. His austerity measures since 1993 successfully brought down inflation and curbed excessive spending by free-wheeling provinces, but also targeted corruption and the interests of local cadres.

Mr Zhu is widely viewed by Western diplomats as the most able Chinese leader and the best-qualified for prime minister, although not a political reformer. But his restructuring is set to be imposed just as the country is facing a new raft of economic problems.

Growth is slowing, unemployment is soaring, foreign investment is falling, and exports are suffering because of competition from neighbouring Asian countries whose currencies

have collapsed. Mr Zhu must also sort out China's shaky domestic state banking system which, it was announced at the weekend, is to receive a capital injection of \$32.5 billion as financial ballast against an estimated \$200 billion in non-performing loans to the country's loss-making state-owned enterprises.

This month's 15-day National People's Congress (NPC) will formalise the "triumvirate" which now runs China and which must negotiate solutions to all these problems.

President Jiang Zemin, 71, who is also party chief and head of the armed forces, will retain his position as "primus inter pares".

Mr Zhu will replace Li Peng, 69, who must step down after two full terms. But Mr Li will keep his ranking as the second most powerful man in the po-

litical hierarchy, and is expected to take over as chairman of the NPC, ousting Qiao Shi, the party elder who was dumped in a power struggle with Mr Jiang at the party congress.

The appointment of Mr Li as NPC head is the most controversial because of his role in implementing the brutal crackdown on the Tiananmen Square protesters in June 1989.

It remains to be seen how the relative power of the three men will evolve in a closed political system normally riven by factional rivalries. The elevation of the able Mr Zhu to prime minister is an obvious threat to the power of Mr Jiang and Mr Li.

"If Zhu is too successful, then he clearly becomes a very big man indeed in China," said the Western diplomat.

"It is going to be difficult for Mr Li to retain his Number 2 position."



Invite: Hong Kong Chief Executive Tung Chee Hwa in Peking for the opening ceremony of the 9th People's Congress

The revolution that leaves the people behind

Teresa Poole finds Tianjin's desperate workers searching the streets for survival

"PEOPLE at our age, we can't find jobs. We're finished. Even as servants, they want younger ones," said Huang Li, her baggy face whitened with powder and her lips painted red. "I'm 37."

At the municipal job centre in Tianjin city, 75 miles east of Peking, the human casualties of China's new industrial revolution queue up in search of a better future.

"In my family, among my brothers and sisters and our wives and husbands, we seven have all lost our jobs. We are in our late forties. What can we do?" said one man, dismissed by a chemicals factory. "Don't listen to the talk of the leaders, they are corrupt. I was a soldier in the past, but what do I get from the government now?"

Unemployment in China is reaching crisis levels, and much worse is yet to come. As the country's parliament, the National People's Congress (NPC), opens its annual meeting today official delegates from around the country are demanding help in coping with the legions of redundant workers back in their home cities, laid-off by loss-making state factories which are no longer being bailed out by government funds.

The question is whether the Communist party can keep the lid on rising social pressures in the city, where people used to be guaranteed work under the centrally planned economy. All that has changed with the reform of state owned enterprises.

Some 12 million urban state workers have already been made redundant, and according to the government-controlled All-China Federation of Trade Unions, another 8-10 million will lose their jobs by 2000. Under the restructuring of government ministries to be announced today at the NPC, about 4 million civil servants will also be laid off. This adds up to a quarter of China's urban workforce.

In the ailing industrial city of Tianjin, one in seven industrial workers have already lost their jobs, or "xia gang" (stepped down from one's post) in the new idiom. Their only safety net is being allowed to keep their virtually-free housing.

After 5pm, when hawkers are allowed on the main shopping streets, the jobless of Tian-

jin spill out onto the pavements, laying out their meagre goods to sell. These people are often deemed in official statistics as having found re-employment.

One 37-year-old woman was offering cheap tweezers, eye pencils and face sponges after losing her job with a fridge factory. "I sell about 10 yuan (75p) worth a night, from which I get a few yuan profit. Doing this is my only choice."

Next to her stood a 45-year-old woman selling toffee rice cakes which she had made at home, and her husband with a candy-floss machine on the back of his bicycle. They both lost their jobs at Tianjin's Number 1 Textile Factory last year. "At first I stayed at home for several months," she said. "Then a relative gave me this idea. I work during the day to make the cakes, and stay here until mid-

What can we do?
Don't listen to
the talk of the leaders,
they are corrupt'

night to sell as many as possible." All the profits go towards paying their child's school fees, the couple said. Like most redundant workers, they received no unemployment benefit.

The Tianjin government expects another 100,000 to join the jobless queues this year, and is making an effort to organise job fairs and retraining opportunities. But the demand is overwhelming.

Outside the job centre that day, a crowd had started to gather long before the doors opened at 9am. Around 15,000 people turn up here each week, said Zhao Dingcheng, vice-director of the centre: this is the city's biggest job centre, but it has another 152 smaller ones.

Ms Huang stood with her middle-aged friends by a company advertising for computer programmers and printing machine operators. "I have no skills. I can only do some hard labour work. I lost my job at the state flour depot just over a year ago," said Ms Huang. She receives £3.50 a month from her old state danwei (work unit) in unemployment money.

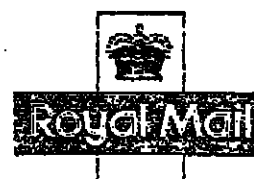
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Inside Baghdad's 'ward of death'

Exclusive: Hundreds of cancer-stricken children are dying for lack of drugs to treat their disease. Robert Fisk reports

DR ALI ISMAIL sat in his office, staring in front of him. "When Faisal Abbas died two days ago, I came here, closed the door, sat down and cried," he said. "I gave drugs to him from my own hands. He was like a brother to me. He was only 10 years old. He was diagnosed with leukaemia three years ago and we treated him with drugs; he received treatment, but it was only partial because we lack so many drugs."

He blamed the sanctions, of course, for blocking the medicines; and he blamed the 1991 war for turning his paediatric cancer ward into a way-station for dying children, for the infants who - given their first medicines - bleed to death in front of the doctors. There isn't a medical worker at the al-Mansur who doesn't believe that the West's arsenal in the 1991 Gulf war did not poison the land in which these children tried to grow up. "In three years, I have seen hundreds of children with leukaemia and last year there was a dramatic increase," Dr Ismail said. "This month, we diagnosed 20 new cases, mostly from the south - from Basra, Nassariyah, Kerbala and Najaf. It's mainly caused by radiation."

The doctors at the al-Mansur hospital in Baghdad have an odd way of expressing themselves, a scientific-emotional grammar. "We have palliative treatment but not curative treatment," the doctor explained to me, sighing all the while and still staring at the window.

When you walk into the child cancer ward across the hall, you understand why. Little Samar Khadair lies in what the doctors quite casually call the "ward of death". She is only five years old but looks much younger, lying shrouded on her bed, her eyes squeezed shut with pain, her large, unwieldy father - massive in his grey *galithia* robe amid such frailty and pain - gently placing a damp yellow compress on her face. She comes from al-Yusufia on the road to Babylon, the target of regular Allied raids in February 1991.

Samar's father, Jaber, looks poor because he is. He spent 15,000 dinars to buy cyto-toxins for his dying daughter - about £6, but more than three months wages for Jaber. "I sold my car to buy the medicine for her," he told us quickly. And how would he pay for the next dose, we asked? "I will borrow the money."



Five-year-old leukaemia victim Samar Khadair: Her father spent £6, which is equal to three months wages, on cyto-toxins for his dying daughter Photograph: Robert Fisk

Dr Ismail, who is resident doctor in the cancer ward, listened in silence. Then he said to us, in English: "I've seen these patients' families so many times. They sell everything in their house, even their beds - and then their child dies anyway."

You cannot move through Baghdad's "ward of death" without two emotions - a deep sense of unease, even shame, that "our" 1991 military victory over the cruel Saddam may well have created this purgatory of the innocent by poisoning both the air they breathe and the land they try to grow up in; and a profound admiration for the dignity of the poor Iraqis who sometimes sell their own clothes in a vain effort to save the children who die in their arms.

Nor can one remain unaffected by the bravery of these tiny victims. Ali Hillaal is eight years old but looks about four, a weird fringe of hair across the top of his forehead accentuating his baldness. "Yesterday, he had a very severe headache," Dr Ismail said, smiling at the child. "He was screaming. When I gave him an injection between his vertebrae, he told me he knew the pain of the needle, but that he would be very quiet because he knows I want what is best for him."

Ali Hillaal was malnourished when he was brought here from the town of Dila, east of Baghdad, his home next to a broadcasting transmitter and several factories that were heavily and repeatedly bombed by Allied

aircraft in February, 1991. He is the fifth child of a family that has no history of cancer. "First he had the mumps, then he had swelling in his chest and abdomen," Dr Ismail said. "Now the tumour has reached his brain. When the condition reaches this point, the prognosis is very poor."

Ali's mother Fatima remembers the bombing. "There was a strange smell, a burning, choking smell, something like insecticide," she said. And I wondered, listening to her, about those bombs. Was she smelling nitrite, which the doctors blame for some of the leukaemias? Or had "we" bombed one of Saddam's chemical warfare plants? Latif Abdul Sattar was playing

with a small car when I caught sight of him. His smile, beneath the dome of his baldness, suggested life. Diagnosed with non-Hodgkin's lymphoma three months ago, he has received two cycles of cyto-toxins. "But the third cycle is partial because he's getting only cyclophosphamide adriamycin as a substitute for vincristine," Dr Ismail said. What Latif needs is produced by a company in Germany called Astra Medica. "We received 20 vials of this 10 days ago - before that, the patients' families were buying it for 160,000 dinars [more than two years' salary for many Iraqis]. But still we can't get enough. Latif needs the treatment as long as his malignancy continues." Dr Ismail continued his rounds.

Youssef Abdul Raouf Mohamed from Kerbala - close to military bases bombed in 1991 - has gastrointestinal bleeding. He still has his curly hair and can talk to his parents but has small blood spots in his cheeks, a sure sign of internal bleeding. And Dr Ismail is bothered by a memory. "Since the UN embargo, patients often die before they can receive induction treatment," he says. "They get thrombocytopenia, a severe reduction of blood platelets. They start bleeding everywhere. We had another child like Youssef. He was called Ahmed Fleah. And after we started the cyto-toxin treatment, he started bleeding from his mouth, eyes, ears, nose, and rectum. He bled to death in two weeks."

Epidemic that came in wake of the war

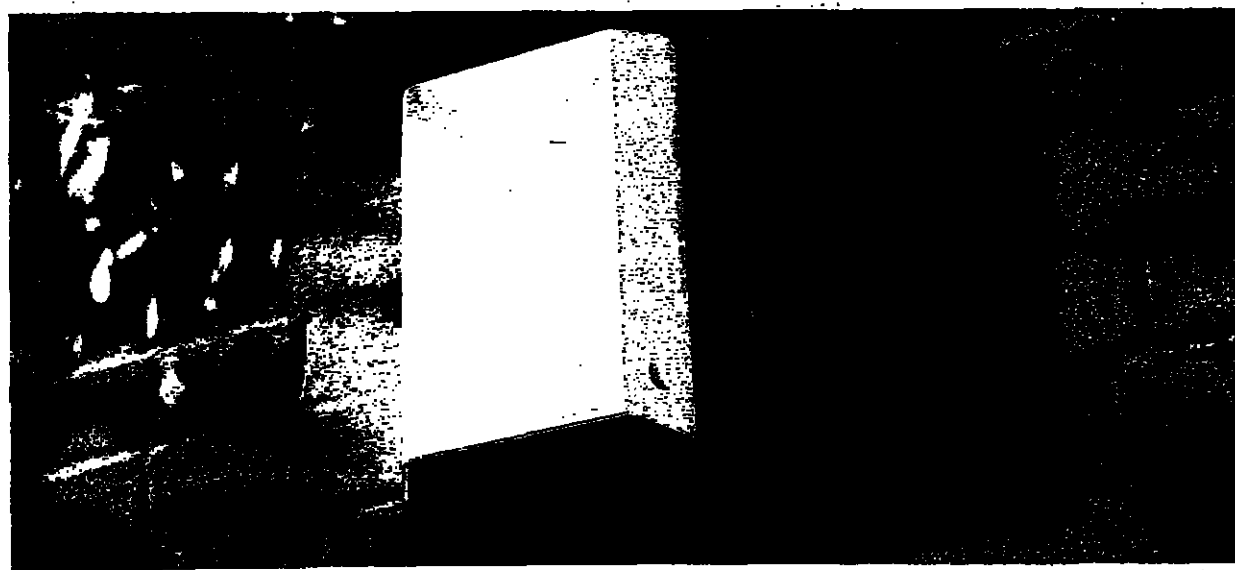
By Robert Fisk
in Baghdad

IT STARTED with a chance conversation with Murtaza Saleh. She was wearing a turban and had cancer. "God knows, maybe the cause is whatever they bombed us with," she said. But Murtaza smoked cigarettes. Her story seemed as normal as it was tragic.

But then it turned out that her husband, a medical doctor, had died of prostate cancer, and three other family members had also died of cancer, some with no history of the disease at all.

I began to ask other Iraqis if they knew of cancer in their family or those of their friends. An Iraqi civil servant was chatting to me in Baghdad one afternoon. "My neighbour's baby is sick," he said. "Her name is Noor Mohamed Younis. She is only two-and-a-half years old. My neighbour said he knew something was wrong when he saw a sort of shining, glimmering in her eye". The baby had the eye removed - and they will remove the other eye in a few months' time. The doctors said if they didn't do that, the cancer would move to her brain and kill her within a year. The doctors said it was because of the war."

Then in Basra, in the poorest part of town, we asked a group of women about the health of their families. "My husband has cancer," one of them said. Sundus Abdel-Kader, a 33-year old mother of four, said her aunt had just died of cancer. Two other women interrupted to say they had young sisters suffering from cancer. And so it went on, in a society where merely to admit to cancer in the family is regarded as a social stigma. We went to the hospitals. And so the story materialised. Why had so many young Iraqis - especially children - suddenly fallen victim to an explosion of leukaemia in the aftermath of the 1991 Gulf War?



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Epidemic
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Sheffield: it's the vision thing

The post-industrial home of 'The Full Monty' is carving out a new urban landscape, with a series of bold developments.
By Nonie Niesewand

CALL ME an old fashioned modernist but my heart leaps at the brave new world unveiled in the opening shots of Sheffield in *The Full Monty*. Big steel blast furnaces glowing white hot. A symphonic skyline of chimney stacks and big belled buildings staggered against a blue sky. A shopping centre dripping with flowers, real ones, even if they are brash annuals.

This little bit of archive film, shot in 16mm in the early Seventies by James Coulthard, puts a good spin on a modern city. It was shown in Sweden and other steel-producing countries to encourage investment and tourism.

Its use in the film about out-of-work steelmen, which has turned out to be the most successful British film ever is, of course, deeply ironic. Sixty thousand jobs have been lost in the steel industry alone since the city's industrial heyday.

Now the fifth largest city in Britain, famous for having its name on a knife blade, is at the cutting edge of design again. But this time it will be nothing to do with manufacturing and everything to do with leisure, the industry of our age. Among the most important of these in a city which was home to the Human League and the two Cockers, Jarvis and Joe, is the National Centre for Popular Music, which its architect, Nigel Coates, refers to as "a jukebox of pop culture".

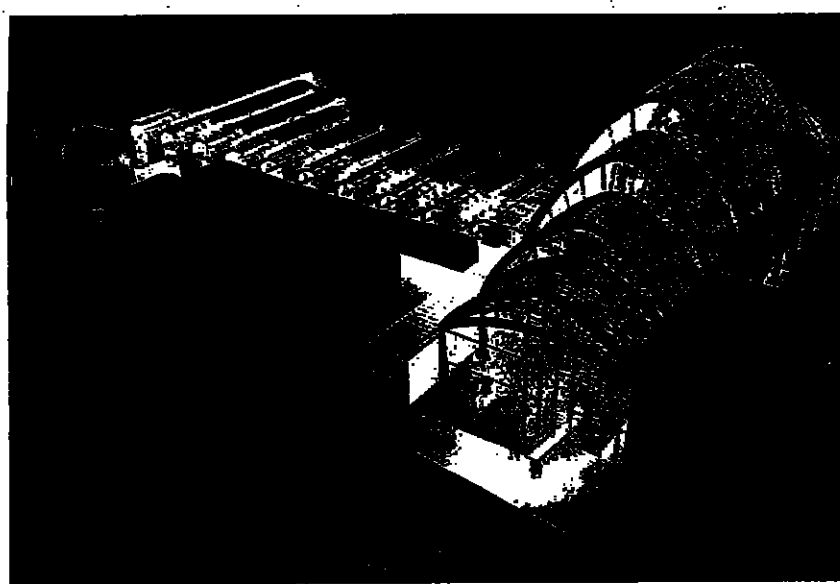
The £15 million lottery-funded project, designed with Doug Branson and with acoustics by Phillips, will open in January 1999. Four stainless steel drums are themed to tell the story of pop and the technology of making music, with a shop, a café and an exhibition space linked by a glazed ground level in the core. Above each drum, a cowl rotates in the wind to ventilate them and reinforce the jukebox feeling. "The galleries are all ears, eyes and hands-on space. We want the building to reflect this, but at the same time to catch the spirit of Sheffield's industrial landscape," says Coates.

A few minutes' walk away is the site of the proposed Winter Garden and Millennium Gallery, a £120m heart-of-the-city project financed by a £20.5m grant from the Millennium Commission, with money from the EU, English Partnerships, the Government's Single Regeneration Budget, Sheffield Hallam University and the private sector. The city council will provide the site of its unloved "egg box", as the town hall extension is known. Designed by Pringle, Richards Sharratt on a masterplan by Terry Farrell, designer of the M16 building in London, the complex includes an hotel, new council offices and three public squares.

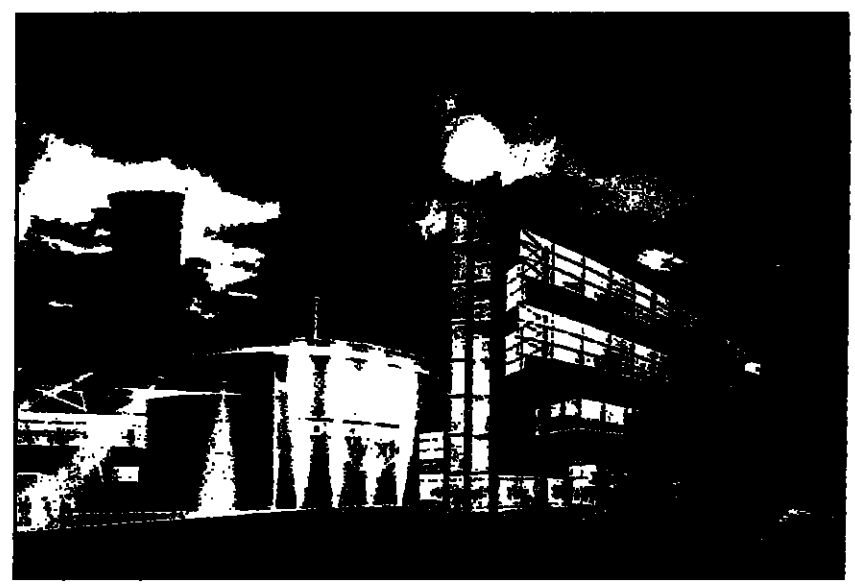
If it is granted planning permission, it will amount to the biggest urban regeneration programme this century. Counting against it is the fact that Sheffield already has two well known galleries – the Mappin and the Graves – that don't attract enough visitors.

Sheffield silversmith and steel designer and manufacturer, David Mellor, doesn't see the point of the new gallery. "One and half miles away in the Sheffield botanical gardens there is the most marvellous glass house by Paxton, who built the Crystal Palace. It's been left in appalling decay and now has got lottery money to restore it. So why build a rather more second-rate gallery so close?"

Destination Sheffield, the non-profit-



The 'four drums' of the National Centre for Popular Music (above), designed by Nigel Coates; The Millennium Gallery and Winter Garden (left), by Pringle Richards Sharratt; the interactive Football World development at Meadowhall



making organisation designed to raise the city's profile, defends the new complex by stressing the Continental-style piazzas set about with sculpture. In the adjoining indoor garden you will step inside the temperate zones of Australia, South America and the Mediterranean. This winter garden, designed to cut the chilly blast of the wind off the Pennines, will be a temperate zone glass house for eucalyptus, wattle, savannah grasses, and mimosa. It'll be open from 6pm till midnight and opens into the Millennium Gallery, lit by a vaulted roof.

Now even sport moves out of real time to become as easy as strapping on a virtual reality helmet for a game of football. Football World is planned as a major interactive centre at Meadowhall to reflect Sheffield's pivotal role in the history of the national game. The oldest club in the world is Sheffield FC, founded in 1857, and the world's oldest ground at Sandygate is still home to Hallam FC. Sheffield's local rivals, Football World is working closely with the special policy adviser of the Secretary of State for Education – one

of Sheffield's own MPs, David Blunkett – to bring educational aspects of football into the project. A building will be developed in association with Meadowhall to house the exhibitions, a new sports, leisure, retail and catering outlet. All-weather football pitches will be built in association with Football World Trust.

Every town that ever reinvented itself from an industrial base to a service-based economy has opted for two panaceas for recession – shopping and sport. Across the city, there are signs everywhere of the late

20th-century leisure city which Sheffield has become: the clubs, pubs and restaurants, the dry ski slopes, before moving on to Olympic-sized indoor pools, football arenas and sports centres. The escalators of the Meadowhall shopping centre carry more than 30 million visitors a year. In Europe's largest food court, Med Oasis, you can buy any food from Japanese to Tex Mex.

Now Sheffield is "an up and going place," as Coulthard called it. He wants to shoot some new footage for a new tourist video, made by Destination Sheffield. He could start filming at the Players' Café, an old stone schoolhouse, which projects live sporting events and pop concerts on a two-storey screen as its customers eat. It was there that the video of the *Full Monty* was launched last Monday.

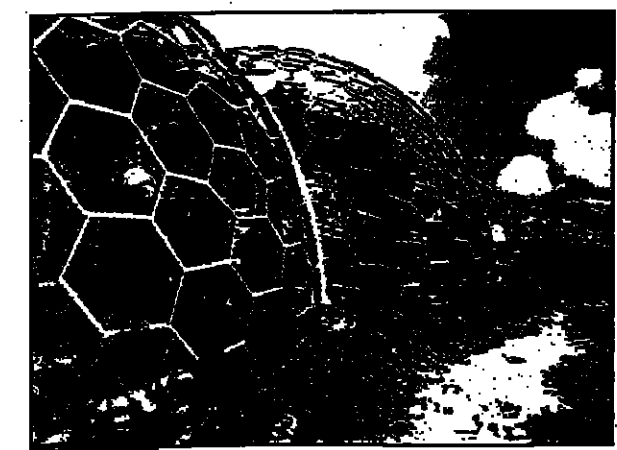
And if the scale and size of these awesome post-modern buildings troubles you, why not take the *Full Monty* coach tour of the unexotic locations featured in the film, from the canal to the working men's clubs, on offer this month at the British Travel Trade Fair?

Time for millennium man to hang up his chequebook

Eric Sorensen was responsible for deciding which projects got to share in the lottery millions. Then he became surplus to requirements

ERIC SORENSEN, the man who handed out £1.25bn of lottery money to build a new Britain in time for the year 2000, is out of work. One minute he was writing cheques for millions. The next, the only big numbers in front of him are on the lottery tickets he still optimistically buys.

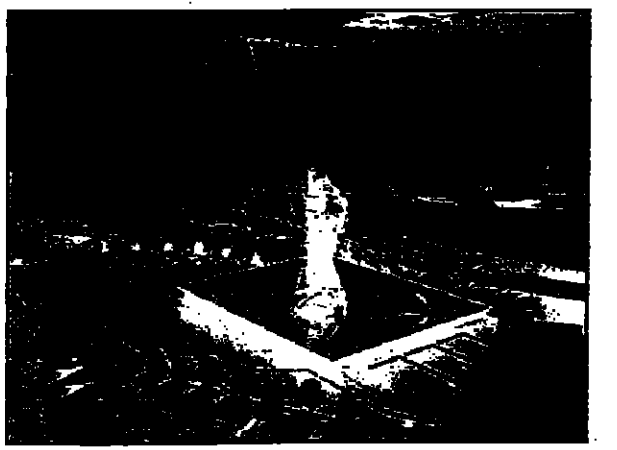
He has left the Millennium Commission exactly a year after he took on the job. Now that nearly all the money for the Millennium projects has been allocated, his chairman, the Secretary of State for Culture, Chris Smith, says it doesn't need the services of a £120,000 chief executive any more. Sorensen agrees. It's been an amicable divorce. In truth, he



found the job less hands-on and more rubber-stamping than he'd have liked.

With his love of building bridges, of London, motorways, and modern architecture (so long as it isn't a windswept concrete block), he had a vision about improving the environment. Urban regeneration is one of his enthusiasms – not just big projects such as turning inner-city squares into piazzas, or Millennium Commission Landmark projects such as transforming clay pits into the Eden Project landscape gardens and collieries into the solar glazed Earth Centre, but little things which make a difference.

When it comes to lottery-funded architecture, Sorensen



likes "amiable cheeriness". Bandstands, village halls, forest discovery centres, rural churches, drinking fountains, all pitched for lottery money, got funding if the applicants could prove they had the site, planning committee skills, sponsors, maintenance plans, and an excellent management team. "One of my favourites is a little wooden shelter for schoolchildren to learn about birds on

The Eden Project in St Austell, Cornwall, (far left) a series of biospheres designed to explore the relationship between humans and plants, which is getting £37m from the Millennium Commission. The National Space and Science Centre in Leicester (right), beneficiary of a £23.5m grant

Photographs: Millennium Commission

reclaimed poisoned land at Dagenham," he says.

Buildings weren't judged in a beauty contest. Sorensen defends the fact that there were no architects or designers on the review board. "It's not as if we ignored it, but we didn't systematically go for design competitions." Feasibility became far more important.

At his farewell party last night, his colleagues gave him

of a Psion organiser with the countdown to January 2000 installed. It was tacitful. Although most of the money has been already given out to 185 projects across the country (otherwise there would not have been a hope of completion in time for the millennium) most of the lottery-funded libraries and gyms, health spas and science centres won't be ready. The Millennium Commission's 50:50

matched funding role – half the costs of the project must be met by sponsors, EU or council funding – was a bureaucratic process which delayed construction.

"Still a couple of million to go," says Richard Busby, raising sponsorship money for the National Space and Science Centre in Leicester. The total project will cost £46.5m, towards which they received £23.5m from the

lottery. To date he has a fully confirmed £40m. "Believe me, it's going to happen. We're nearly there." But even if they do break ground on Nick Grimshaw's building this autumn, it won't open until February 2001.

A weakness that this emphasis on designer labels, big-name architects, good contents and planning expertise highlights is that it deterred the less experienced. Deprived communities didn't even bother to pitch, and the lottery funders aren't allowed to solicit for business.

One of Sorensen's legacies to the Millennium Commission is a £70m pot of money which will be used to encourage some of Britain's ethnic communities to apply for funds to for their

own projects. "Not enough," he admits.

"The lottery is a real opportunity to improve the quality of life. We should think constantly about making substantial differences to the quality of life. Of course, homelessness, health and education are important, but the lottery money was never meant to replace taxation and government spending." As for the other criticism, that lottery funding is pushing up big buildings like mushrooms all over the country which will be difficult to fill and maintain, Sorensen says: "I don't agree. We don't spend enough on buildings."

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The face of power

Machiavelli is cynical bedtime reading for the powerful. David Walker wonders if he keeps Peter Mandelson awake at night

MEN are turned on by power in a very particular way, especially when the power is of the political variety. They divest themselves of the capacity to distinguish right and wrong, good and bad. This is the nub of the political doctrine known as Machiavellianism: in the service of the state, anything goes. Historians long ago agreed that Niccolò Machiavelli, the Renaissance civil servant, was a lot more subtle (and confused) than might be suggested by a quick reading of *The Prince*, his cynical bedtime book for the powerful. But the label has stuck. "Machiavellian" entered the language, a synonym for amoral, unthinking service of power, or spin-doctoring.

Which is why a bunch of academics at Manchester Metropolitan University who are mounting a conference on Machiavelli are playing up the New Labour angle and trying to make a connection with the roles of Peter Mandelson and Charlie Whelan. It's true that Tony Blair's summer retreat (Geoffrey Robertson's Tuscan villa) is close to Niccolò's old home in San Casciano, high in the hills south of Florence, but does the resemblance go any further?

The reason *The Prince* has survived the centuries is that it remains required reading for civil servants, junior ministers, courtiers, all those flying near the flame of power. It's full of modern-sounding aphorisms, the kind of thing you might easily imagine Peter whispering to Tony (or Charlie bawling across an office to Gordon). "A prudent ruler cannot keep his word, when such fidelity would damage him..." "The common people are impressed by appearances..." "It is better to be loved than feared, but better to be feared than nothing at all..."

And so on. But there are good reasons why any comparison between Mandelson and Machiavelli is far-fetched – above and beyond the stern in-

junction from the Cambridge Professor of Political Science, Quentin Skinner, that you should never read political books outside the context in which they were written, especially those of the early 16th century.

For one thing, Machiavelli was not the proverbial prince of darkness. His career plans crashed when the fickle Florentines welcomed back the Medici family and Niccolò got his P45 as well as a light touch of torture. But before then he had been a personality in his own right, as an ambassador and military strategist.

Last May Peter Mandelson made the transition from back-room boy to public figure. Conditions looked good for his emergence as a substantial politician. Instead he was given no proper job to do, or at least not one on which the public can judge his mettle. Overseeing the Dome is a non-job. For his own sake, let alone that of the Prime Minister, he should have left its management to arms-length professionals. A "Machiavellian" would surely have seen that as a way of garnering credit if the thing works and putting the blame on others if it fails.

A true Machiavellian might sometimes be moved to tell the prince some unpalatable things. "Friendships that are acquired with money and not through greatness of character prove unreliable just when they are needed," Niccolò wrote. Would Peter ever steel himself to tell Tony that some of his alliances (for example that with Murdoch) fall into this category?

It's said of Machiavelli that his true "Machiavellianism" lay in not meaning the advice he proffered in *The Prince*. The book was intended as a job application, a way of getting into the good graces of the Medici not for the sake of personal aggrandisement but because Italy needed a strong dynasty.

A kind reading of Mandelson's career might suggest all he



Peter Mandelson and Niccolò Machiavelli: how close is the resemblance?

Photomontage: Jonathan Anstee

has sought to do has been for the greater good of socialism, at least in its New Labour guise. In this reading Mandelson (who was once thick with Neil Kinnock) takes an instrumental view of Blair. If Blair were to lose the plot, Mandelson would cast around for a substitute.

Alternatively, you can read *The Prince* for an early expression of the great maxim of pol-

itics which says socialism is what a Labour government does: in other words, never mind the big picture, let's get on with the job of governing. That phrase about socialism was, surprise surprise, coined by Peter Mandelson's granddad, Herbert Morrison, so it may have come down to him in the genes. Niccolò was a Renaissance man whose interests ranged

from play writing to designing enfilades and glacis for the defence of Florence. It would be hard to picture Peter in a steel helmet, but he has been known to tread the dance hall boards which one must suppose makes him a man of the world. Machiavelli could write. Mandelson's prose style – witness his pre-election book *The Blair Revolution* – is hardly classical.

There is a key chapter in *The Prince* which sometimes gets overlooked. It's about a ruler's obligations to his servants. Their loyalty, Machiavelli hints, is not unlimited. A wise ruler will see his servant all right. It's a chapter Tony Blair should study. Keeping his servant hanging on in his indeterminate and increasingly ineffective position has done neither any favours.

Stepping out for the UN

WHAT do a Somali woman who had her clitoris removed with a dirty razor at the age of five and a TV personality best known for her trademark sunglasses have in common? The answer is that both the model Waris Dirie and the travel programme presenter Magenta Devine have been appointed as UN special ambassadors. They will face the cameras at the Foreign Press Association in London today as they front the launch of Face To Face, a three-year campaign by the UN Population Fund and the International Planned Parenthood Federation aimed at promoting global awareness of women's rights.

It might once have been the province of Hollywood, but bureaucracies such as the UN have taken to the cult of fame with a vengeance. Danny Kaye started it all in 1954 when he was appointed as a roving "goodwill ambassador" by Unicef. Today, all manner of celebs have been appointed. Special ambassadors chosen in recent years include Roger Moore, Ted Turner, Jane Fonda, Olivia Newton-John, Imran Khan, Bianca Jagger, footballer John Fashanu and Dallas actress Linda Gray.

But what can they achieve? Write, now a Pirelli calendar girl, was appointed in October to publicise a campaign to eradicate female genital mutilation. As someone who suffered because her parents believed she had "bad things between her legs", she was an obvious choice. "I see myself as an ambassador on behalf of my sisters in Africa," she says. "I was strong enough to survive and I want to make a difference."

The choice of Devine, however, seems less obvious. She became a special ambassador two weeks ago, her name having been put forward by Population Concern, which is a partner in the Face To Face campaign in this country. According to Russell Dickson, the organ-



Devine: new ambassador

isation's fund-raising manager, they contacted her a couple of years ago as "a shot in the dark" and since then she has written to showbiz celebrities on the organisation's behalf.

"She's just the frontperson, if you like," says Dickson. He is unsure what she will be doing in the months to come. "I expect the UN will be asking her to go out and visit projects," he says.

Devine herself is also somewhat mystified as to what her future duties will involve. She says she will be signing a contract in the near future, although she hasn't seen it yet. "You have to work," she says. "You've got to be proactive... It's not just a case of using your name."

Devine says her appointment came as an "incredible surprise", although she describes herself as "passionate" about women's issues and says her travels for BBC2's *Rough Guide* shows have brought her face to face with the problems facing women in the Third World. Possibly the main reason for her surprise was her comparative lack of celebrity status compared to other special ambassadors. As Dickson puts it: "Most of them are quite high-powered, very well-known people throughout the world, so in some ways it's quite a feather in her cap."

Tim Hulse

DILEMMAS

My dreams of torture and abuse haunt me all day



VIRGINIA IRONSIDE

Sofia has such terrible nightmares she's frightened of going to sleep. She dreams of child abuse, tortured animals, and the images linger with her all day. What can she do?

I RECENTLY dreamed that I was lying with no clothes on in my hall, fixing a phone socket in the middle of the night. The light was on, then suddenly went out, but as I could see a light upstairs I thought it was just the ground floor circuit that had fused.

How wrong I was. The light got bigger and bigger until I made out an intruder coming down the stairs with a flashlight coming to rape me. I leaped for the front door – and woke in an uncomfortable heap by my bed in a sea of lamps, broken bedside tables, books, painkillers, glasses of water... feeling absolutely terrified.

How does one deal with dreams like mine and Sofia's? One method would be to spring up and get control of them by writing them down. Another would be to say to ourselves very firmly: "That was a dream. This is reality."

Yet another would be to try the interpretative approach – was my dream trying to tell me something? Was it a fear of being intruded upon? Was the rapist part of myself that I didn't like, or was it someone else trying to invade my space?

Some people believe that dreams are a way for the brain to reorganise our thoughts, like computers, which is why they are usually so apparently meaningless. But my dreams are like complicated novels with beginnings, middles and ends. Sometimes there are subplots.

Are dreams the result of physical activity in the eyelid? No. Rapid eye movement, which was thought to be linked to dreaming, it seems, no more than the eyelid flicking quickly to give our eyes an extra wash of fluid since the eyes, unblinking throughout the night, tend to get dried out.

When my son suffered from night terrors when he was young

he would come downstairs, ashen-faced, sweating and groaning, having dreamed some terrible dream, like having to roll the world back on its axis or we'd all be blown up. Big stuff. I would get him out of it, then he'd go back into the dream groaning and shivering. Sometimes I would have to slap his face to get him back to normal.

A sleep specialist said it was something to do with his waking up too quickly and missing out a stage of sleep. He gave him tranquillisers to take when the terrors were most likely to haunt him, and they never came back.

And another method I've been told is to rewrite the ending of the nightmare. A man approaches with a red-hot branding iron, about to put out your eyes. You wake up in terror. Now awake, finish the dream. Sometimes the man will just wave the branding iron around and do nothing and finally sink away. Usually it is the fear of harm that makes the dream so awful, not harm itself.

We all tend to dream more when we are in new places and new beds, though no one knows why. Perhaps Sofia should try sticking to a night-time routine and going to bed at the same time each night, accompanied by a soothing milky drink, and try to keep the temperature in her room even throughout the night.

Only if these simple methods don't work should she resort to drugs. But she should remember that her teeming imagination may sometimes lead to more interesting and charming dreams than nightmares.

I dreamed recently that a poppy fell in love with me, and I am still touched and moved by the feelings of its soft, red petals on my cheek, dotty as that may sound.

WHAT READERS SAY

Be firm with yourself

SO FIRM could try telling herself firmly before she drops off that she is not going to dream about certain unpleasant or horrifying scenarios, thus wiping them from her unconscious – at least for a night. I always do this after reading or seeing anything potentially nightmarish and have never known it to fail. Laura Fransella, London N8

Switch off the heating

WHEN I have nightmares they are invariably associated with being too warm when I am asleep. Sofia should try substituting blankets for her duvet, and turning off the heating. In the summer leave a window open and use a hospital-type cotton blanket.

Also, avoid watching alarming documentaries late in the evening. I remember once when abroad seeing a televised public health advertisement about accidents in the home and having nightmares all that hot night about scalded babies. Brenda Beary, London NW3

Try mental arithmetic

A WHILE ago I suffered from the same problem as your reader, in that I would have recurrent dreams of a violent nature. Often I would dream that I had hit my wife while sleeping. I solved the problem by doing mental arithmetic at bedtime in the belief that this would tire my brain out. As a consequence my dreams featured solving mathematical problems, often very complicated ones – although I have never checked them out with a calculator. T.N. Reynolds, Tinsley, Herts

I was frightened of myself

FOR years I had a nightmare about being pursued by a black creature, who travelled as fast as the wind. It would come up behind me, and I would run and run: the fear was strong within me. It reminded me somehow of my grandmother, a fearsome figure from my childhood.

When I got into therapy, I found that it was my own destructiveness, my own nastiness, which I had never looked

at or dealt with. As soon as I admitted it was my own, the picture changed and I never had the nightmare again. John Rowan, London E4

Tire yourself out before bed IF THE dreams are with you during the day and are more intense than reality, I would say you have too much thinking space and could do with something more taxing to occupy your brain, so change what you do. You may well find your problems are but small.

You can always learn something totally new, or do more of what you really enjoy doing. Take part in a drama or music group so that you make friends and have things to learn. Are you tired when you go to bed? If you are not physically tired you need to take up a sport or find something really laborious: thrashing a tennis ball about for a couple of hours on a Friday night can get the weekend off to a good start. One thing's for sure, you have the cure. Valerie Clarke, Bury St Edmunds

NEXT WEEK'S DILEMMA

I AM a single parent and my daughter of 12 and a half was recently spotted at school by someone in one of the big modelling agencies who handles quite a lot of famous people. My daughter, who has very distinctive looks, was asked if she'd be interested in working for them. She's mad keen, but what should I do? I feel uneasy but can't really think of any good reasons not to say yes. Yours sincerely, Marcia.

Letters are welcome, and everyone who has a suggestion quoted will be sent a bouquet from *Independent*.

Send comments and suggestions to Virginia Ironside at the Features Department, *The Independent*, 1 Canada Square, Canary Wharf, London E14 3DL (fax: 0171-293 2182), by Tuesday morning.

If you have a dilemma of your own that you would like to share, please let me know.

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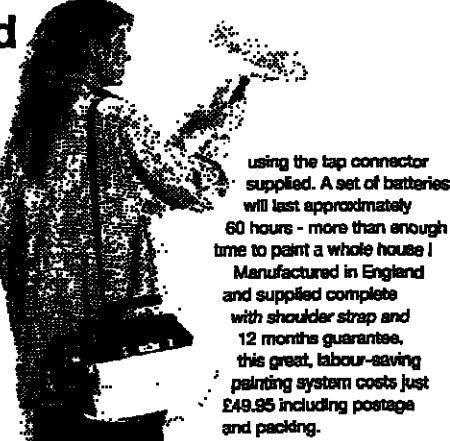
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End the agony of moving house

FOR NEARLY 20 years we had a government which proclaimed its faith in free markets. It struggled, in some cases with impressive results, to apply that faith, extending competition and reducing the sphere of the state. In housing, for example, the policy of allowing tenants a right to buy their own homes extended to many hundreds of thousands of families the freedoms and benefits of home-ownership. Yet the same government was curiously myopic about the operations of markets, including those in housing and the related provision of legal and property services. It did virtually nothing to reform the obstructions and anachronisms which beset all those people - in England and Wales - seeking to sell or acquire domestic property.

Labour's ultimate position on free markets is, still, somewhat ambiguous. But to the Blair government's great credit, it seems that, before even a year is up, it intends radical change in the business of house-buying and selling. The proposals to prevent gazumping which are now being trailed look like an excellent place to start. We hope it has the courage to challenge the vested interests in law offices and high-street estate agencies which are partly responsible for making moving house such hell for many people.

Buying a house is a special kind of purchase, and not just because of the amounts of money and debt involved. Emotions will run high, even in the best-ordered system. But tension would certainly be reduced if, after a property is found, vendor and purchaser are required to engage in a more formal commitment than word-of-mouth promises, nods or handshakes. One proposal is for a "pre-contract", involving a financial commitment both by the vendor who accepts an offer and the purchaser who makes it. Even at 1 per cent of purchase price, in many parts of England this would involve a substantial sum which no sensible person would lightly put at risk. This seems to be better than, say, emulating the Scots and basing property bargains on sealed bids. To those who argue that this would inhibit flexibility and put pressure on those in the middle of "chains", the answer has to be: binding decisions have to be made sooner or later and to keep the exit door open as long as it is at present is an invitation to bad faith and wasted resources.

But better regulation of the relationship between vendors and purchasers entails reform in the two key housing market "professions", the law and estate agency. Here again the Conservatives were cowardly, going nowhere near far enough in encouraging the growth of specialist (and cheaper) conveyancing. As for estate agents, there were too many of them on the Tory back benches for ministers to want to push them into taking responsibility for transactions, let alone proper descriptions of property, adequate surveying and so on. Labour is not so weighed down.

Under its prodding there are scores of useful ideas to be tried out, such as "log books" for property. We report today how the mortgage companies are moving, not before time, to automate (and cut the cost of) the business of valuation. Rafts of new legislation are not necessary. Good ideas would emerge if the market were more competitive, if customers were more self-confident and advisory services more effective. The Government's principal role is to hold the ring and ensure that professional bodies such as the Royal Institution of Chartered Surveyors and the Law Society do not obstruct innovation.

Deadly legacies of war



OUR Middle East correspondent, Robert Fisk, yesterday described seeing in an oncologist's office in a Basra hospital his cancer maps of southern Iraq. Their colours are lurid. For they show what seems to be a marked recent upsurge in cases. He reported, harrowingly, their human shape - the children bald from chemotherapy, the patients waiting for treatment from doctors ill-supplied with equipment and medicines.

It is difficult not to infer that carcinogens, released or active since the Gulf war in 1991, may be responsible for this health emergency. Where might they come from? Local sources suggest the huge refinery fires that burnt for weeks during the war may have released cancer-causing fumes. That the Saddam Hussein regime had and continues to have stockpiles of chemical weapons is not in dispute - but in what circumstances might they have been released? Saddam's capacity to poison and kill the people of Iraq is attested. That Iraqis in the Basra area might have been the victims of a Saddam accident is entirely plausible. There is, after all, no Iraqi press to blow the whistle, no Iraqi opposition worth the name to publicise a cause. As for the current medical condition of those people in Basra hospitals, they are - evidently - the victims of the application to Iraq of economic sanctions, depriving the country of the wherewithal to import drugs and equipment. It would be hard to resist any bid to lighten the burden sanctions impose on Iraqis if - it is a big, big "if" - Saddam were to comply with the conditions for weapons inspections agreed with Kofi Annan last week.

But what if those southern Iraqi cancers were the unacknowledged result of the use by the Americans and their allies (including the British) of carcinogenic weapons, that is to say depleted uranium shells or even chemicals? Gulf war syndrome exists among veterans of the conflict. They have a right to know whether they were harmed by the deployment of special weapons by their own side or by some accident involving such weapons. Robert Fisk's discovery is an important piece of evidence. It needs analysis - and answer - in Baghdad, Washington and London. Some of the energy the UN investigators are putting into detecting biological and chemical weapons now could be channelled into finding out exactly how they might have been used then.



It could indeed be him, but last night it probably wasn't. A homeless man and his dog in central London

Photograph: David Rose
A 9x12 print of this photograph can be ordered on 0171-293 2534

Blair vs town halls

DOES the Prime Minister's apparent stance on local councils ("Blair ready to ditch elected councils", 4 March) remind anyone of a previous incumbent of 10 Downing Street?

Many Labour politicians were outraged at Margaret Thatcher's abolition of the GLC and other metropolitan county councils. Much of the anger arose because it seemed that this decision was taken on the almost personal grounds of the GLC "insulting" the Government by broadcasting unemployment figures from County Hall and, even worse, subsidising bus and tube fares.

Is Mr Blair so affronted at the thought of the (mostly Labour-run) town halls not being at his beck and call that he feels the best solution is to introduce yet more quangos, a method of running things which Labour spent much of the 1980s and early '90s condemning?

If so there will be many sickened Labour supporters who will see this as another rapid step down the path from being a party of principle and local democracy to being a mere imitation of the Tories a decade ago. If this is so, where can we turn?

MICHAEL CRYAN
Newcastle upon Tyne

WE LEARN that Tony Blair is "ready to ditch elected councils". Does this mean that he no longer wants a closer relationship with the Liberal Democrats or that he has a singularly underdeveloped sense of incompatibility?

EARL RUSSELL
House of Lords

Countryside March

THE REAL issue highlighted by the Countryside March is not between town and country, but between small communities and farmers, and wealthy landowners and companies.

Rural employment has plummeted. Farm work has seen a fall from 682,000 workers to 603,000 in ten years, yet CAP subsidies have risen. Where has all the money gone, when most farmers complain of poverty? The answer is, to supermarkets and multinational agricultural companies who are able to lock farmers into high purchase prices and low selling prices subsidised by the taxpayer. They guarantee this by the threat of buying inferior quality foods from other countries, often encouraging the exploitation of farmers in developing countries. Farmers are then forced to mechanise and use vast amounts of pesticides and fertilisers in order to remain competitive.

WE must be prepared to alter the CAP subsidies system in order to support small, well managed farms that preserve our countryside and provide good quality food, whilst reducing subsidies for highly mechanised farming practices. Small farmers need support from the National Farmers Union to build up co-operative farming and selling and purchasing methods that take control away from the profit-orientated companies who have no interest in the state of the countryside.

SANDY HORE-RUTHVEN
Clowley, Devon

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SANDY HORE-RUTHVEN
Clowley, Devon

MANY of the problems afflicting Britain's countryside emerged during, and were partly caused by, the previous Conservative governments.

The paucity of local transport in rural areas is a consequence of the privatisation and deregulation of public transport. The closure of village schools was started under the Conservatives, reflecting their obsession with "cost-effectiveness". The desecration of the countryside by urban sprawl and new motorways or bypasses also derived from the Conservatives' willingness to let market forces run riot.

Why, therefore, did the "non-political" Countryside Alliance not organise marches when the Conservatives were still in office?

PETE DOREY
Bath

LETTERS

Post letters to Letters to the Editor and include a daytime telephone number
Fax 0171 293 2056; e-mail: letters@independent.co.uk E-mail correspondents are asked to give a postal address. Letters may be edited for length and clarity.

Millennium bug

AS YOU note, the European Commission is advocating accelerated action on tackling the millennium bug (report, 27 February). This is a view with which I wholeheartedly agree and I am stepping up Europe-wide action to tackle the bug.

The Government promised to use its presidency of the EU to drive forward action on this issue. In the EU telecoms council in Brussels on 26 February, which I chaired, I announced that the UK will hold a major EU conference in May to address the problems caused by the bug. We will encourage all member states to set up national campaigns, as the UK has done with Action 2000. This will also be an excellent opportunity to share best practice and experience across the whole of the EU.

As so much business activity is international, we must do all we can at this level to ensure that our businesses are not unduly affected.

BARBARA ROCHE
Parliamentary Under-Secretary of State
Department of Trade and Industry
London SW1

Rantzen and hospital

DESPITE the reported findings of the Broadcasting Standards Commission, Esther Rantzen persists in making unwarranted allegations about the care of a former resident at the British Home and Hospital for Incurables which was featured so damagingly on *The Rantzen Report* in August 1996.

In your report "Rantzen sticks by her hospital story" (2 March) Ms Rantzen states that a former resident was moved to another hospital as a result of her programme. This is not true. The judicial review process that resulted in Ian being moved to a specialised assessment centre was completed before the programme was broadcast, and implied no criticism whatsoever of the care Ian received here. BHHI wants all its residents to have appropriate assessments and access to the services they need.

NOELLE KELLY
Matron and House Governor
The British Home and Hospital for Incurables
London SW16

After Fayed

I AM NOT "bouffant-haired". My hair grows like this without aid or encouragement. I have never used a hair-dryer in my life and unlike some politicians and TV presenters, I have never dyed my hair.

"Was he pushed or did he fall?", you ask ("Cole quits toughest job in PR", 21 February). Neither. I retired after 10 fascinating and fulfilling years as a member of the main board of Harrods and of its holding company, working for and with Mr Mohamed Al Fayed, an outstanding businessman and a very human, human being whom I shall always regard as a friend. It was a privilege to know him and his remarkable family.

MICHAEL COLE
London SW7

Supermarket waste

WE TAKE the issue of waste management extremely seriously ("Tesco store throwing away food", 19 February). We work closely with suppliers to ensure the minimum wastage whilst providing our customers with product availability. We are now conducting a trial in Manchester to give charities food near to sell-by dates and if successful will extend this to all our stores in the UK.

ANDREW COKER
Corporate Communication
Manager, Tesco
Cheshunt, Hertfordshire

From gay to straight

VANESSA THORPE mistakes the reaction from gay men and lesbians towards individuals who come out backwards ("Glad not to be gay", 3 March). Our feelings are usually of despair, not with the person but with what will be made of it by bigots. It is another weapon in their arsenal and they use it to try and prove that sexual orientation can be changed, that homosexuality is an illness, or a sin or a choice.

What usually happens is that individuals find themselves able to respond differently to people of the opposite sex - sometimes overnight. This may be because they have been through a personal crisis such as coming to terms with grief and loss. Another section of their sexuality has been revealed, not created!

Having already accepted a labelling system they then find it impossible to manage anything other than a gay/straight dichotomy and immediately re-label themselves as straight. It's very hard to manage ambivalent feelings and easier to accept one of them and go with it. The strength of denial about their homosexuality becomes just as strong as their previous denial about their heterosexual feelings.

TONY KONRATH
London EC1

Vintage

THE MENTION in Peter Sichel's Obituary (28 February) of his father, Allan Sichel, reminds me of a story told to me by that wine connoisseur the late Maurice Platnauer, Principal of Brasenose College, Oxford.

Allan Sichel often submitted himself to "blindfolded" wine tasting and was admired for his remarkable success in such tests. However on one occasion he was offered a glass of *chambre* good-quality tap water. He was obviously puzzled and declared finally: "I have never tasted this stuff before, but I know that it won't sell."

The last words are no longer true. Water does sell.
Professor NICHOLAS KURTI
Oxford

Sorry, the Martians ate our story about Mr Murdoch and the Patten book



MILES KINGSTON

I DON'T often read *The Times*, but I have been making sure to get it recently for the fun of trying to spot any references to this HarperCollins business over the Chris Patten book. Finally I came across a piece on the Murdoch business in Tuesday's *Times*, in which Libby Purves adopted a testy, non-sensical attitude. A Now-children-get-your-hats-and-coats-on-and-let's-all-go-for-a-jolly-healthy-walk-in-the-rain tone of voice, and said, Oh, come on, let's all grow up! If Murdoch doesn't want to have egg thrown at China's leaders by Chris Patten, he is perfectly entitled not to have egg flung. Almost the only thing that puzzled Ms Purves (apart from why HarperCollins had taken the risk of accepting the book in the first place) was why *Times* newspapers had not given more coverage to the whole thing. Bit odd, that. But one thing she was sure of. It wasn't on direct orders from Murdoch.

Raymond Snoddy, who seems to handle coverage of media affairs for *The*

Times, said the same sort of thing when he appeared on *Medium Wave* on Radio 4 at the weekend. He was absolutely certain that Murdoch hadn't issued any instructions to any editor to avoid the story. Though he couldn't think why he hadn't given it more coverage. Nor could Peter Stothard, the editor of *The Times*. He could certainly vouch for the fact that he was not acting under pressure from Mr Murdoch. Certainly not. There was no improper pressure at all. Looking back, he felt he might have underplayed the story a bit, though he couldn't explain why.

Well, I think I can explain why. I think they were all dead scared. Sometimes it's called self-censorship, sometimes it's called over-cautiousness, but what it is basically is being dead scared. Scared for your job, scared of being hauled over the coals, scared of rocking the boat... We've all done it. We've all drawn back from the edge of some daring decision, wondering if it was worth

it and deciding it wasn't. It's the letter of complaint we never dared write, the things we never dared say to people's faces, the moments of bravery that passed in a cowardly blur of inaction, the times we could have investigated a cry or stopped a fight...

I can remember doing it myself, though I'd rather mention a time when it was done to me, as I came out of this story better. When I was doing a column for *The Times*, I wrote a piece in which I decided to parody *The Sun*'s style of headline-writing by going back through history and wondering how they would have greeted various famous historical events. It wasn't an original idea, even then. I think I got the idea from a feature in *Punch* in which Alan Coren imagined all the papers reporting the birth of Jesus. (The only bit of that I can remember now was his excellent headline for the *Daily Worker*: "Boss's Son Inherits Earth!"). Anyway, I came up with some historical headlines for *The Sun* - 1066: "Naff Off, You

Normans!". And so on. Pretty harmless stuff. So I was amazed to get a call from someone quite high up at *The Times* saying they couldn't use the piece. They couldn't be seen being rude about a sister publication.

"Why not?" I spluttered. (I'm sure I spluttered.)

"Times readers wouldn't know what you were getting at."

"Of course they would! *Times* readers despise *The Sun*!"

"Be that as it may, *Times* readers would wonder why a *Times* writer was being rude about a sister publication. They would wonder what was behind it."

"But..."

I should have saved my breath. The fact was that he was scared to use the piece for the fictitious fear of offending someone. What people in that position never actually say, though, is that they are dead scared of publishing something for fear of offending the boss. You'd rather say that you

can't understand how it happened, or that aliens came down and took the item out, rather than just say you were scared...

Never mind. I have to go to London now. No, not another countryside march. This time it's a rather moving historical pageant. Yes, it's the ceremony to mark the occasion of the return of the *faulx* manuscript to Chris Patten. It's going to be a moving, sorrowful ritual to match the handing back of Hong Kong... The drums beating slowly, the rain falling, the muffled horses' hooves as Chris Patten walks forward with bent head to receive the ancient tattered typescript which had found a home for so long with HarperCollins... The 2,000 employees of the BBC flown out at tremendous expense to cover the handover, and to have a great time on expenses... The headlines: "I tried to bring democracy to HarperCollins, says Patten, but it was too late..." Won't be reported in *The Times*, of course.

I have seen the future and it's time to talk about it



HOWARD DAVIES

We all live longer and the state no longer provides for our old age. Time for a radical rethink of our options

IN 1900 life expectancy for a man was 49 and for a woman 45. At the turn of the next century for women it will be 80 and for men 75. This is quite an achievement. As Bruce Forsyth might say, "Didn't we do well?"

During this century life has become less nasty, brutish and certainly, less short. The ageing of society represents a triumph for medical science and for the improvements in social conditions. But not only are we living longer, we are also having fewer children and having them later. In 1994 for the first time more women in Britain had children in their early to mid 30s than in their early to mid 20s.

Change is usually viewed in any public policy debate as a "problem". The ageing of society, is no exception to this. Although the ability of most people to lead longer, healthier lives is to be welcomed, the shift in the balance of our population must lead to changes in many aspects of how we arrange our affairs. This is bound to affect distribution of resources between the generations. It can also cause conflicts. We see it in the uncertainty over our future pensions: in 1961 there were four people in the working population for every pensioner; by 2030 that ratio will have halved. Globalisation, the information superhighway and technological advances are all having a profound effect upon our lives. But the impact of demographic change has the potential to match them all.

The phenomenon may take 30 years to have its greatest impact but the signs of change are already around us. It is not hard to spot a pattern between pressures on the Health Service; speculation about people living to 120; a woman having a child at 60; pressure on the Green Belt partly from the growth of single person households; and the need to reform the pensions regime. That is why we are starting an initiative with wide implications for the way we think about these issues. It is called the Debate of the Age and it aims to be the biggest exercise in public consultation ever undertaken in this country outside the formal political process.

The Debate will not however, only be about what government should do. For a start, we promise to be sceptical of those who protest their willingness to pay higher taxes to fund numerous deserving causes only to vote the other way in the secrecy of the ballot box. It is also about highlighting what is happening so that organisations and individuals can plan their futures accordingly.

The world has moved on since the NHS

was founded. Then 60 per cent of the population were under 20 compared with less than half today. Moreover, in the post-war era when the Welfare State took on its present shape, actuarial projections suggested that average life expectancy would be only three years beyond retirement. Perhaps the state will decide to dip deeper into its pockets to help tomorrow's elderly.

But that is not the trend at present and if the state will not pick up the tab then individuals need to understand that and plan accordingly. Politicians often say such things; but no one has yet consulted broadly with those who will be affected to see what their preferred options are.

The Debate may be regarded cynically to start with. After all, we are talking about events which culminate 30 years from now and there is a tendency to assume that citizens are not interested in complex problems or planning for a new century. But I believe the cynics will be proved wrong. The issues concerned are of central importance to the type of country we want Britain to be. In the past, big population changes have resulted from the Black Death, the Industrial Revolution or the First World War. None of these events was predictable. Conversely, the forthcoming population changes can be read several years ahead and we can cushion their impact through talking, action now.

I spend much of my time trying to ensure that pensions and long-term savings products can be bought with confidence. Complex financial services products were once the preserve of the relatively well-off. Now they are relevant to the great majority of the population. People do adapt their expectations – as long as they are given the information to assess their choices in advance.

debate of the age

Dependence on occupational pension scheme no longer reflects many people's career patterns. There is a wide acceptance that the state will provide only a basic pension and benefits safety net. So we already know that need to save to ensure that old age is not synonymous with a descent into poverty, although we are still unsure about how to maximize our prosperity across our life-spans.

An important part of the Debate will be about how we pay for age. But it is not only or even primarily about elderly people. It should be controversial and address thoroughly difficult social, economic and moral issues. On some issues a consensus may emerge but even where it does not, people will be better informed about these issues which will have a major impact on their lives.

We want some 30 million people to play some part over the next two years. It should be good for policy-making and insofar as it increases understanding and involves us all, good for democracy too.

Howard Davies is President of Debate of the Age. Anyone who would like to register their views should call 0800 783 4632 or use the website www.age2000.org.uk

The puppet-master of the Balkans is running out of strings to pull

If the West wants peace in regions of ethnic hatred, it must be prepared to intervene, says Rupert Cornwell

ONE DICTATOR is back in his box – at least for a week or two. A couple of weeks ago, Robin Cook was reading the riot act to Saddam Hussein. Now he is in Belgrade doing the same to Slobodan Milosevic, connoisseur of fine Scotch whisky, President of what is left of the former Yugoslavia, and perennial Balkan troublemaker.

The trouble this time is in the province of Kosovo, part of Serbia but populated for 90 per cent by ethnic Albanians. At which point acute Balkan fatigue among readers may already have set in. And you may be forgiven that reaction. Wolf has been cried time and again over Kosovo; yet when almost every other possible Balkan conflict has happened, this one has not. But Kosovo contains the seeds of a disaster greater even than Bosnia. For despite its barbarity, and the horrors of "ethnic cleansing", the Bosnian conflict was confined within the former Yugoslavia; any co-incidence between Sarajevo 1992 and Sarajevo 1914 was purely geographical.

But today's undeclared war in the province is a different proposition. The first link in the Domesday chain is obviously neighbouring Albania (much of it in a state of quasi-anarchy). Next door lies Macedonia, with its large and vociferous Albanian minority. But trouble in Macedonia could well drag Greece, hypersensitive to events in that country, into the fray... and if Greece, then why not Turkey? None of this has happened yet – but the Kosovo crisis is veering out of control.

Like most disputes in the Balkans, the origins of this one go back centuries; but its current version stems from the refusal of Mr Milosevic to give back the autonomy he stripped from the province ten years ago. In 1997 the conflict was radicalised by the guerrilla Kosovo Liberation Army, committed to full independence. Inevitably, the emergence of this force undermined Ibrahim Rugova, the political leader of the Kosovo Albanians, who had largely managed to keep the dispute non-violent. Then last weekend, Serb security forces killed at least 20 Albanians. The international community clings publicly to the notion that a deal for autonomy short of independence can be struck. But after the latest events, most Albanians simply want out. The powder-keg is primed. Student demonstrations next week could provide the match.

And yet however perverse it may sound, there is hope to be extracted from this mess, even as Mr Cook beats the path to Belgrade well worn by countless other Western emissaries whom President Milosevic has received and then ignored. For one thing, in contrast to their



Grieving in Kosovo: Serbian police killed 16 Albanian protesters in the latest clamp-down
Photograph: Reuters

sabre-rattling over the Aegean and Cyprus, Greece and Turkey are acting with the utmost care. And surely, surely, the West has learnt from its mistakes in Bosnia, where but for its pusillanimity towards the Bosnian Serbs, the war might have been stopped in 1992 or 1993.

Expect no miracles from the EU, in whose name Mr Cook will be speaking. We have had the standard condemnations of Serbian violence, denunciations of "terrorism" and pious exhortations to restraint and dialogue. We had much of that in Bosnia too. Expect none either from the United Nations, if the formulaic pleadings of Mrs Mary Robinson, its High Commissioner for Human Rights, are anything to go by. But then again, as Bosnia proved *ad nauseam*, you cannot ask the UN to keep the peace if there is no peace to keep. Which leaves Nato, or more exactly, the US. It was air strikes in 1995 which gave teeth to Richard Holbrooke's negotiating mission and helped drive Mr Milosevic to sign the Dayton peace accords, and it is a Nato stabilisation force which is today keeping the peace in Bosnia.

So why not a similar approach over

Kosovo, if the Serbs persist in their violent denial of rights to the Albanian majority? If that causes Mr Milosevic to turn against the West, much better that he vent his spleen against us who have the means and the might to resist, rather than against the desperate Kosovo Albanians who have tasted his poison often enough already. As Bosnia also proved, if the West really desires peace in places where ethnic hatred runs fierce and deep, it must be there to provide it. And acting as enforcer in Kosovo would be far better employment for British and American forces than sitting in the Gulf, threatening Iraq with attacks that would only inflate the prestige of Saddam Hussein and destabilise that region further. In the case of Mr Milosevic the opposite is true.

For, whatever happens next, the puppet master of the Balkans is running out of strings to pull. His dream of transforming Yugoslavia into a "Greater Serbia" has crumbled. True, Dayton did create a separate Bosnian Serb statelet. But apart from Serbia itself, the only other component of the former Yugoslavia which remains is Montenegro, run by a relative moderate whose election Milosevic tried to prevent. And now Kosovo,

the holiest name in Serbian history, is slipping from his grasp.

If Milosevic restores to the province its former autonomy, he will be pilloried by Serbian nationalists. If he tries to complete the crack-down he has started, insisting that Kosovo is an "internal affair" in which the West has no right to meddle, the sanctions which are crippling the rump-Yugoslavia he rules will certainly not be loosened. Quite possibly they will be tightened, which can only strengthen the cause of those among his countrymen who want to rejoin the world. Or there could be a very direct response from Nato.

Mr Milosevic of course is the craftiest of customers, capable of turning the bitter foes of yesterday into today's tactical allies of convenience. He has held on to power with a brutal grip. But Kosovo just might be his last stand. The Balkan crisis, it could be said, began there, when the Ottoman Turks destroyed the Serbian Knights in 1389. Six centuries later, it was Kosovo where Milosevic made his rabidly nationalist speech which unleashed the latest chapter of the crisis. And it is Kosovo where, this decade of Balkan mayhem could, and should end.

Sorry I'm not cool, but that doesn't mean I'm no use



BEN BRADSHAW

A reply to Wayne Hemingway, who accused New Labour of being old at heart

SOME people are never happy. Now that Britain's "creatives" are being given the official recognition they've craved for they hate it. First an anarchist singer whose real name is Nigel tips cold water over John Prescott and now designer Wayne Hemingway against "Cool Britannia" and the "middle-aged" values of new MPs like me.

I'm sorry we're not cool enough for Wayne. It's tough to be cool when a typical constituency day includes absconding down a tower block in a gale for charity, calling the numbers at OAP bingo, trying to help 20 constituents at surgery and line dancing at the Labour Club.

Parliament is worse: stuffy, tradition-bound, infuriating.

Wayne should try getting elected and see how good he looks bobbing up and down saying: "Yes Ma'am, no Ma'am and three bags full to the Right Honourable Gentleman."

But this is exactly why Britain needs re-branding. "Cool Britannia" is a media, not a government invention, but I don't mind the tag as long as it means that we're questioning how we see ourselves and how we're viewed by others. The world still sees Britain as a backward-looking theme park of royal pageantry, poor food and stiff upper lip. UK products are viewed as low-tech and bad value. None of this is true of a country that is innovative, diverse and tolerant. Pop music is the biggest single export,

worth £12bn a year and Indian restaurants have a higher turnover than coal, steel and ship-building combined.

What is wrong with doing what Ireland and Spain have done and saying: "Hey, we're not like you think we are. We've changed." The Government is not interested in wrapping itself in a "Cool Britannia" flag. Much of what's cool today will be uncool tomorrow. If I bought one of Mr Hemingway's suits, would it still be cutting edge in two years?

But we should harness our strengths – individuality, creativity and innovation. Forty per cent of important post-war inventions have been British, and that's according to a Japanese survey, but we've lacked the po-

litical and economic conditions, to make the most of them. This is the first government to take the culture industry seriously. Gordon Brown's first budget provided extra funding for film. It is natural that creative people should be wary of politicians appropriating them. After all, they get their energy from subverting established ways of thinking. But just because we're saying they're important does not mean we're trying to tell them what to do.

The party processes do tend to favour safe and sometime bland candidates capable of wide appeal. But my selection was far from safe. My party selected me – a gay man and a newcomer to politics – because it wanted change.

Ben Bradshaw is Labour MP for Exeter

HALLELUJAH, the Millennium Dome is going to be the envy of the... advertising world. It appears our Millennium festivities, described last week by the Prime Minister in lush tones of portentous religiosity, will cross every frontier in the history of commercial hucksterism. If you thought the Dome's theme-park contents were crass, its list of influence-hungry corporate sponsors obvious, brace yourself for much, much worse. For starters, check out the Dome's "Body Zone", whose focal point is a giant androgynous figure accompanied by a huge nappy-wearing baby. Forget about the debate about whether the baby wears a "natural" or a disposable nappy. A spokesman

for the New Millennium Experience Company confirmed to Pandora that the nappy will in fact be sold as a giant advertisement. "It's a play-off between Huggies and Pampers," said Jez Agar of the NMEC, his excitement at the sales potential outdistancing any actual deal. His company will presumably be flogging ad space on every statue, wall, chair and toilet-roll holder throughout the vast exhibition. The promo literature for the Dome's "Body Zone" claims that it "is designed to amaze, with the world's biggest physical representation of the human form, a rich and intellectually accessible exploration". Shouldn't that last word read "exploitation"?

BY COMPARISON, the \$500m theme park which Michael Jackson is planning to build in Warsaw, Poland, may turn out to be a triumph of good taste and idealism. Yes, Jacko Land is going to be "a world of childhood". Will it



feature huge statues of androgynous youths in Calvin-sponsored underpants – or does the crutch-clutching singer have better taste?

THE LATEST word is that *Titanic* has just become the first film to gross over \$1bn. Amazing, really, with an ending that sends millions of people away shaking their heads at the absurdity of its final scene, in which a "priceless" necklace called the "Coeur de la Mer" is deliberately tossed into the ocean on a sentimental whim. In re-

ality, that necklace was made of something called cubic zirconium by Asprey's of Bond Street. Now they have gone back to the workroom and produced a \$3.5m version of the piece that includes a 170-carat Ceylon sapphire and 30 carats of diamonds.

It will be auctioned in Beverly Hills on 21 March to raise funds for The Princess Diana, Princess of Wales Fund.

YESTERDAY the hacks who comprise the NUP's Parliamentary branch met in a room deep in the Commons and passed a motion condemning Ken Livingstone. This was in response to Ken's labelling of a Commons motion attacking the strikers at the *Morning Star*, which made him the first Labour MP since the last election to attack an "official" labour dispute. If you don't understand all the ramifications of this heated Left v Left media battle, then you're in the same boat as Pandora.

MEANWHILE Matt Drudge, the fearless "cyber outlaw" gossip columnist who broke the Monica Lewinsky story on his Internet web site, has signed a deal with Rupert Murdoch's Fox News Network. Is this the first cyber sell-out? Drudge, who sports thick dreadlocks and even thicker nerdy glasses, will be presenting a weekly half-hour chat show. This follows his appearance on NBC's "Meet The Press" several weeks back when he waved a copy of Murdoch's NY Post at the camera, praising its coverage of Clinton. Apparently Drudge is also being pursued by an American publisher, Judith Regan of Regan Books, an imprint of Murdoch's Harper Collins, to write an anti-establishment media book. But don't expect any scoops about Clinton at www.drudgereport.com in the near future.

Pandora

THE INDEPENDENT

WIN the perfect Mothers Day present
a two night stay at.....

Ragdale Hall
HEALTH HYDRO

If you are stuck for ideas for Mothers Day - why not treat her to a luxurious two night stay at Ragdale Hall Health Hydro, which is situated in the Leicestershire countryside.

Ragdale Hall has something for everyone. Whether you want an active or leisurely time, a chance to unwind or tone up, to shed weight or your worries.

It has long been associated with excellence in beauty treatments and is continually developing new and innovative treatments. Why not try the Multi-Method massage or Equilibrium which is a relaxing scalp neck and back massage.

Apart from their delicious healthy cuisine Ragdale Hall also offers a fully equipped gymnasium, a spacious studio for group activities and a luxurious swimming pool.

We have teamed up with Ragdale Hall to offer a two night stay for two people in a Suite, this also includes a free massage, or introductory facial or conditioning hand treatment per day.

The runner up prize is an overnight Relaxer Break in a Superior Room which includes a back and shoulder massage or facial.

To enter this competition simply dial the number below answer the following question on line and leave your name, full address and contact number:

Q: One of the therapies at Ragdale Hall involves placing needles into the skin at pressure points around the body - name this style of therapy.

Call 0930 563815

For further information on Ragdale Hall please call 01664 434831

Calls cost 50p per minute at all times. Winner picked at random after 10 March 1998. Usual Newspaper Publishing rules apply. Editor's decision is final.

Signs point both ways on interest rates as booming services industry contrasts sharply with slump in retail sector on day of MPC meeting

Skill shortages highlight Bank's rates dilemma

By Diane Coyle
Economics Editor

FRESH signs that the pace of activity picked up in service industries such as finance and communications last month piled on the interest rate agony yesterday, as the Bank of England's Monetary Policy Committee (MPC) started its two-day meeting.

Conflicting signals from services and manufacturing mean experts are uncertain whether or not to expect an increase in the cost of borrowing from the current rate of 7.25 per cent when the Committee makes its announcement at midday today.

Kevin Darlington, an economist at ABN-Amro, said the extremely buoyant survey of the service sector was probably not enough by itself to sway today's decision. But he added: "If it is a portent of faster GDP growth, we can expect a rate rise in the next two to three months."

On the other hand, Francesca Massone at Goldman Sachs predicted a quarter point rise today.

The MPC's vote was split five to three in favour of leaving rates unchanged in January, and is believed to have been divided on the same lines in February. Analysts fully expect another split this month in the face of the dilemma posed by Britain's two-speed economy, but are not sure whether any members will have changed sides.

Industry's case for leaving rates alone was pressed yesterday by Margaret Beckett, President of the Board of Trade. In a radio interview she said: "The position is one where people have got some concerns and there are some manufacturers who are feeling the pinch."

However, the survey from the Chartered Institute of

Purchasing and Supply (CIPS) showed the pace of growth in services picking up to a seven-month high in February. An increase in the activity index from 59.0 to 60.7 – both well above the 50 "break-even" level – was driven by a surge in new business.

Employment rose, but not by enough to prevent an increase in the backlog of outstanding business. Companies said the limit on recruitment was skill shortages, which made it difficult to replace staff who left.

As a result, costs – mainly salaries – increased, with one in five respondents reporting an increase during the month compared with only 4 per cent reporting a decline. Prices charged rose too, and at a faster rate than the previous month, although they have been growing at a slower pace than costs.

Peter Thomson, director-general of the CIPS, said the buoyancy applied across the service industries (although the survey excludes retailing). Skill shortages were most severe in IT.

"The pressure is greatest in a narrow range of skills. Those people can virtually write their own salary cheques," he said.

Manpower, the employment services agency which is one of the UK's biggest employers, confirmed this picture of shortages. As well as the computer industry, there was also near-saturation of the jobs market for staff at call centres and telemarketing operations in some areas.

But Tony Hoskins of Manpower added that, aside from retailing – where demand for staff was slackening off – there was general buoyancy of demand. "I would say manufacturing remains strong almost despite the pound," he said.

The CIPS survey covers 500 businesses in five sectors: hotels and restaurants, transport and communications, finance, information technology, business services and personal services. In total, these account for about a third of national output, compared with manufacturing's 23 per cent share.

The strong pound has kept manufacturing in the doldrums. According to the latest official figures, two broad categories of services – transport and communication and business services and finance – grew by 6.5 and 7.6 per cent respectively last year. Manufacturing output, by contrast, expanded just 1.6 per cent and has slowed further.

In the retail sector, yesterday brought warnings of a sales slowdown from three furniture and carpet businesses. Carpetright, DFS and MFI, the furniture retailer, all said sales had been weak in late January and through February. Shares in all three fell sharply as analysts cut their profit forecasts.

Richard Edwards, retail an-



Shares in MFI, Carpetright and DFS, the furniture retailer, fell sharply yesterday as analysts cut their profit forecasts

Photograph: Ted Ditchburn

Top retailers hit by new year sales slowdown

By Nigel Cope
City Correspondent

Three large retailers flashed the warning sign on interest rates to the Bank of England's Monetary Policy Committee yesterday when they reported a sharp slowdown in sales. On the day the committee began its two-day meeting on interest rates, MFI, Carpetright and DFS, the furniture retailer, all said sales had been weak in late January and through February. Shares in all three fell sharply as analysts cut their profit forecasts.

MFI was the worst hit with its shares diving 23 per cent to 98p. DFS shed 21 per cent to 463.5p while Carpetright gave up 15 per cent to 422.5p. The warnings dragged down shares in other durable goods retailers such as Allied Carpets, Dixons and Kingfisher.

Richard Edwards, retail an-

alyst at Salomon Smith Barney, said the slump in demand for more expensive purchases such as sofas and carpets could affect the decision on rates. "This sends an interesting message to the Bank of England. Any 'big ticket' stuff is dying. It is only the smaller item retailers such as the DIY stores that are doing well."

Tony Shiret, retail analyst at Credit Suisse First Boston agreed: "It probably reduces the need for an interest rate rise. Expectations had been bloated by the windfall factor of last year but underlying demand does not look that good." Analysts said they expected more durable goods retailers to issue similar warnings. "There are probably more in the pipeline," said Mark Josephson of Panmure Gordon.

MFI, the kitchens and furniture group said trading in its key winter sale had been below expectations and specifically

blamed higher interest rates for the malaise. DFS warned that this year's profits would be flat and said the whole furniture sector was suffering. Later in the day Carpetright issued its own warning saying it had suffered a slowdown and that sales had not met expectations in the last 10 weeks.

John Randall, chief executive of MFI said homeowners whose mortgage payments are adjusted by annual reviews would have been informed in January of their new payments which he said could rise by around 20 per cent from April. Mr Randall said MFI had enjoyed three good weeks after Boxing Day but since then "everything has fallen away." He said the short term outlook was "not particularly buoyant."

MFI said sales in the 16 weeks to date were up by just 2 per cent. Analysts cut their profit forecasts from £85m to £62m.

The news was equally grim at DFS, the furniture group run by Sir Graham Kirkham. It said its profits for the six months to January "will not exceed the £18.7m reported last year". It said sales had started well in its financial year which starts in July but had been badly affected by the death of Princess Diana in August and remained sluggish for several weeks afterwards. It added that while its January sale had started strongly, sales had then fallen back.

Sir Graham said it was not just DFS that was suffering: "There is evidence that trading conditions are tough across the whole furniture industry and that DFS is continuing to gain market share." Analysts have cut their full year forecasts from £46m to £38m.

Carpetright said its sales had not met expectations. "From being 8 per cent ahead on a like

for like basis sales have not met anticipated levels during the last 10 weeks," it said.

"Trading conditions in the carpet market are tough, but Carpetright and Carpet Depot are continuing to pick up market share. Margins remain strong despite the market climate and continue to be above last year's levels," it added.

The company expected to be trading from around 300 Carpetright and Carpet Depot stores by its year end and anticipated opening around 20 stores next year.

Carpet and furniture retailers enjoyed a good year in 1997 boosted by relatively low interest rates and the benefits of windfall payouts from de-mutualising building societies. But as interest rates rose and consumers appeared to save a high proportion of their windfalls many retailers have feared a slowdown.

Powderject shares soar on R&D deal with Glaxo for high-speed 'injections'

By Andrew Yates

Shares in Powderject, the biotechnology group, leapt by one-third to 418.5p as the group announced Europe's largest ever pharmaceutical research and development deal. It has teamed up with Glaxo Wellcome, one of the biggest drug groups in the world, to develop a revolutionary system of driving drugs through the skin at high speed which could eventually replace injections.

The deal promises to transform the financial fortunes of Powderject which only floated on

the stock market last year and has yet to make a profit. Glaxo is paying \$24m (£15m) up front for worldwide rights to market and develop a total of 11 new treatments. It could end up paying more than £180m if these treatments progress through clinical trials. Those trials are likely to take a number of years, but if the process is successful analysts believe that they could open up a new market worth hundreds of millions, and perhaps billions, of pounds. If that happens Powderject will also receive royalties, over and above Glaxo's substantial milestone payments.

Paul Drayson, chairman and chief executive of Powderject, said yesterday: "We are pleased that Glaxo Wellcome have realised our potential. They can use their research powerhouse to develop these remedies."

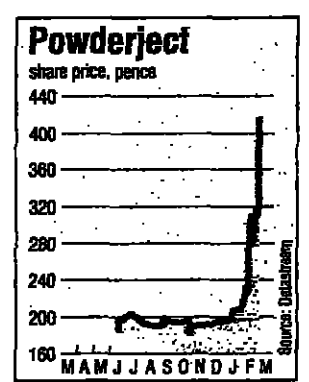
"So far trial results [from the new system] have exceeded our expectations and this is just a small part of our potential market," he added.

Allan Baxter, group research director at Glaxo, said: "We are particularly excited about this novel technology which offers Glaxo Wellcome a unique and competitive opportunity to

build on our established strength in anti-virals and our emerging portfolio in cancer."

The partners will work to develop a range of more effective vaccines using DNA to create a greater resistance to diseases. As well as vaccines for Hepatitis B, HIV and cancer, Glaxo will look to work on a portfolio of other remedies for contagious diseases.

Glaxo demonstrated its confidence in the new system by taking a 7.7 per cent stake in Powderject at a cost of £12.1m. It has pledged not to buy or sell any of these shares for the next two years.



Powderject is working on a wide range of other applications for its new process, and has also signed agreements with Chiroscience and Roche to develop other treatments.

The group was founded in 1993 in Oxford to exploit the University's research in the field of drug vaccine delivery.

BMW apologises to Vickers over Rolls-Royce remarks

By Michael Harrison

THE CHAIRMAN of BMW, the German car maker, yesterday apologised to Vickers after reportedly describing the way it was handling the sale of its luxury car business Rolls-Royce as a "game of poker".

Bernard Pieschetsrieder telephoned Sir Colin Chandler, the Vickers chairman, saying he had been very embarrassed by the reports but that his remarks had been distorted. Mr Pieschetsrieder was also reported to have criticised Vickers' decision to launch the new Rolls model, the Seraph, before the sale was completed.

BMW is one of four companies expected to put in a bid for the Crewe-based luxury car maker by the end of this month. Volkswagen, Toyota and Ford are also thought to be interested in bidding. Daimler-Benz may throw its hat in the ring, even though it was reported yesterday to have pulled out.

Vickers is not planning to entertain a bid from a group of Rolls-Royce owners led by Kevin Morley, the former marketing and sales director of Rover. The group had not been

sent the memorandum of sale by Vickers' advisers Lazard since it had not demonstrated its financial credibility, said Sir Colin.

The sale is expected to raise £350m-£400m, although estimates for the value of Rolls range from as low as £200m to as much as £600m. Sir Colin said that it would take until the middle of the year, however, for the sale to be completed.

Sir Colin also confirmed that Vickers had pulled out of talks to take over GKN's armoured vehicles division. The plan would have been to merge it with Vickers' Challenger tank division but Sir Colin said the two sides could not agree on price.

GKN is thought to have beaten a consortium led by Vickers to a multi-billion pound contract to develop a new multi-role armoured vehicle for the British, French and German armies. Based on this, GKN has put what Vickers regards as an excessive valuation on the business.

Sir Colin said it appeared to be the German government which was anxious to proceed with the new vehicle quickly and

had selected the GKN-led Euroconsortium ahead of the Vickers consortium. But he questioned whether the design selected was the best value for money and urged the UK government not to be "bounced" into a decision which was against its best interests.

He was speaking as Vickers reported a 9 per cent decline in operating profits last year to £75.8m. The figures exclude £57m of exceptional, mainly goodwill write-offs relating to the disposal of its medical division. Vickers also spent £2.4m defending itself against the abortive bid from the automotive group Mayflower.

Although Rolls-Royce car sales rose 10 per cent, profits from the automotive division dipped from £37.6m to £30.5m as margins were squeezed by the need to sell older models in advance of the launch of the Seraph.

Vickers has enough order to keep its tank factories in Leeds and Newcastle busy for the next two years and Sir Colin said it was hopeful of sealing a £350m order for Challenger 2 tanks from Qatar in the next three months.

Family hoists for-sale sign as fire leaves Robert Dyas heading into the red

By Nigel Cope

ROBERT DYAS, the high street ironmonger with roots going back more than 120 years, is to be sold following the disruption of a fire in its warehouse in December.

The founding Dyas family, which still controls the business, took the decision following a strategic review by Coopers & Lybrand. The business recorded

profits of £1.2m last year on sales of £40m. However, this year the disruption of the fire is expected to push the company into the red. Coopers said they were hopeful of finding a buyer and had received "an astonishing level of interest". A sale price of around £20m is expected.

The business was founded by Robert Dyas who, it is claimed, came over from Ireland in 1872 with £5 in his pocket and set up

an ironmonger's shop in the City of London. The business fared well until the Second World War when its shops were badly damaged in the Blitz. Two brothers, Pat and Gerald Dyas, then built the business up again and it now has 67 stores across the South-east of England.

In a market increasingly dominated by out-of-town superstores such as B&Q and Homebase, Robert Dyas has

struck its niche with functional high street stores crammed with DIY equipment, light electrical goods and kitchenware.

Although the family owns most of the company, it only plays a minor role in its operations since new management was brought in 1994. Pat Dyas, a non-executive director, is the last family member on the board.

The fire in the head office and warehouse in Croydon,

south London, in December caused significant disruption to the business which had had to arrange supplies direct from manufacturers. The company said it had received an interim payment from the insurers of £2.5m and said the finances of the company "remain sound".

Roger Pedder, the chairman of Clark's Shoes, has been appointed a non-executive director to help in the sale process.

STOCK MARKETS

Index	Close	Change	Change(%)	52 wk high	52 wk low	Yield(%)
FTSE 100	5783.10	-74.60	-1.29	5850.00	4189.10	3.21
FTSE 250	5268.70	-12.70	-0.24	5269.50	4384.20	2.97
FTSE 350	2748.70	-30.30	-1.09	2798.50	2075.70	3.16
FTSE All Share	2678.55	-27.42	-1.01	2720.99	2056.07	3.14
FTSE SmallCap	2488.60	4.10	0.17	2488.10	2182.10	2.79
FTSE Healthcare	1389.60	0.30	0.02	1350.30	1225.20	3.18
FTSE AIM	1013.20	-1.50	-0.15	1135.50	665.90	0.98
Dow Jones	6513.83	-88.51	-0.80	6595.06	6366.78	1.64
Nikkei	17066.80	-72.73	-0.42	20910.79	14468.21	0.89
Hang Seng	11350.81	-74.85	-0.85	16820.31	7909.13	3.32
Dax	4708.58	-47.58	-1.00	4767.68	3192.33	1.62

INTEREST RATES

Short sterling	UK 10 year gilt	US long bond
3 month 1 yr 5 yr	3 month 1 yr 5 yr	3 month 1 yr 5 yr
UK 7.59 1.34 7.60 0.85 6.11 -1.19 6.05 -1.35	US 5.09 0.13 5.84 -0.16 5.74 -0.88 6.04 -0.79	Japan 0.75 0.25 0.72 0.14 1.86 -0.73 2.51 -0.71
Germany 3.52 0.27 3.76 0.46 5.05 -0.49 5.84 -0.70		
MAIN PRICE CHANGES		
Rises	Falls	
Telewest Comm 83.50 6.00 7.74	MFI Furniture 98.00 -30.00 -23.44	
Coopers Gm PLC 240.00 13.50 5.96	DFS Furniture Co 483.50 -124.00 -21.11	
Assoc Br Ports 340.50 18.50 5.76	Carpetright PLC 422.50 -74.00 -14.90	
Airco Weapons 186.50 10.00 5.67	New PLC 734 -51 -7.67	

CURRENCIES

\$/£	DM/£	¥/£
at open	at open	at open
Dollar 1.8470 -0.56c 1.5165	Sterling 0.8072 +0.20p 0.6186	Gold (S) 296.25 -1.50 588.95
D-Mark 2.8897 +0.18p 2.7695	D-Mark 1.8167 +0.64p 1.7137	RPI 159.50 3.30 164.40 Feb
Yen 208.57 +10.57 196.58	Yen 126.78 +10.75 122.15	Base Rates 7.25 6.00
£ Index 105.40 +0.10 98.50	\$ Index 108.50 +0.50 104.10	
OTHER INDICATORS		
at 5 pm	at 5 pm	
Brax Oil (S) 13.25 0.16 18.70	BOP 114.30 3.00 110.97 Feb	
Gold (S) 296.25 -1.50 588.95	RPI 159.50 3.30 164.40 Feb	
Silver (S) 6.39 -0.11 5.28	Base Rates 7.25 6.00	

TOURIST RATES

Australia (dollars)	2.3557	Italy (lira)	2.871
Austria (schillings)	20.39	Japan (yen)	205.41
Belgium (francs)	59.88	Malta (lira)	0.6302
Canada (\$)	2.2851	Netherlands (guilders)	3.7201
Cyprus (pounds)	0.8471	Norway (kroner)	12.19
Denmark (kroner)	11.13	Portugal (escudos)	255.39
Finland (markka)	8.8800	Spain (pesetas)	246.44
France (francs)	9.7269	South Africa (rand)	7.7839
Germany (marks)	2.9108	Sweden (kroner)	12.87
Greece (drachma)	460.04	Switzerland (francs)	2.3692
Hong Kong (\$)	12.39	Turkey (lira)	367.700
Ireland (pounds)	1.1672	USA (\$)	1.6116

Source: Thomas Cook
Rates for indication purposes only



OUTLOOK

ON WHY THE COMPANIES
ACT SHOULD BE LEFT
ALONE, UNDERSELLING
STATE ASSETS, AND
WHETHER PSION IS IN
A TECHNOLOGICAL
CUL DE SAC

Company law: If it aint broke, why fix it?

IF A CAMEL is a horse designed by committee, then perish the thought of what Margaret Beckett's review of company law might come up. What we are dealing with here is a Steering Group advised by a Consultative Committee backed up by at least six Working Parties.

Thankfully, this new beast, whatever it might be, will not be worrying the body corporate too much this side of the millennium. It will take three years to complete the review, meaning there is no danger of anything as revolutionary as a new Companies Act until well into Labour's second term.

Since the last overhaul of company law was 50 years ago and since the existing legislation is still largely based on the model the Victorians dreamed up 150 years ago, another four or five years doesn't seem like a long time to wait.

But there's the rub. If there was anything fundamentally wrong with company law as it stands, then present Act would be ripped up now and replaced with something more appropriate. The fact that the Government cannot find time in its legislative programme in this Parliament rather proves the CBI's point that it is hard to detect pressure for radical change. Nor, it appears, do ministers have strong views on what to do with it.

Admittedly, it is early days and who knows how many bumps might be discovered to add to the final design. But it is hard to see what the review can amount to other than an exercise in good-housekeeping. The consultative document that launched the process yesterday is not exactly laden down with examples of how unscrupulous businessmen are driving a coach and horse

through existing legislation. About the worst it comes up with is the antiquated nature of a law which requires companies to have to maintain registers of past shareholders and file their accounts manually. Phew!

If there were to be another Maxwell, Guinness or Polly Peck, then the Government could easily amend the present law to deal with it. Is it really necessary to rewrite the whole thing? From the outside, this review looks suspiciously like a way of ducking the issue of legislating on corporate governance. That, and the fact that the DTI has to justify its existence somehow or other.

Mrs Beckett claims the words "fat cat" never passed her lips, even when Labour was in opposition. It was certainly a favourite phrase of her minister Ian McCartney, who will also take a hand in the review. Luckily, he will play second fiddle to Lord Simon. The ex-BP chairman has brought some common sense to the debate within government, on corporate governance and much else. Hopefully he can be relied upon to counter any dromedary tendencies.

NAO's lessons on rolling stock sell-off

We perhaps didn't need yesterday's National Audit Office report on the privatisation of the rolling stock leasing companies to know that the last Government sold us short when it auctioned off British Rail's rolling stock. That was already obvious,

since all three of these companies were sold on for very substantial profits within two years of being privatised.

It was also obvious at the time of privatisation that this was a buyers market; for reasons of ego and ideology, the government rushed to get these things irreversibly sold into the private sector so that nobody moving into Downing Street could change the policy. In the process, according to the NAO report, the government surrendered at least £700m of value - enough to build and equip four new hospitals.

Since both the government that did the deed, and the merchant bank that advised on it, Hambros, are now deceased, the NAO's report on it all might seem academic. There are some lessons that can still be learnt from it all, however, especially with privatisation of the London Underground back on the agenda.

The main problem seems to have been the speed with which the privatisation was undertaken. These leasing companies were sold before the great bulk of the rail operating franchises were awarded, so that the purchasers didn't know who their customers were or what their creditworthiness was. They were also sold with little or no operational track record within the restructured rail industry. And bidders could not be certain the industry would be wholly privatised because of political opposition and the approaching general election.

As if all this were not reason enough for delaying the sales until a better price might be obtained, the Department of Transport and its advisers in any case failed to update their early valuation of these busi-

nesses or carry out a comprehensive valuation before the sale. Furthermore, no provision was made for the government to share in any gains resulting from a resale, as in some previous privatisations.

A bad business all round, then. But before the present Government gets on its high horse to lambast its predecessors for failing in their public duties, it should remember that Labour bears a large part of the blame for what happened. Labour's persistent carping about rail privatisation and its pledges to reverse it once in power severely depressed the price capable of being realised not just for the leasing companies but for all the other bits of British Rail too. As it turned out, Labour's opposition was just political point scoring. It has done nothing to reverse the process nor does it look likely to.

City puts question mark over Psion

There are two views on Psion. One is that it is a superbly innovative and fast-moving company which has established a market-leading position in an industry with huge potential. Another is that Psion is British Apple Macintosh, producing a superior product which is loved by those who use it, but ultimately destined to be crushed by the industry juggernaut known as Microsoft.

Judging by the 20 per cent fall in Psion's share price yesterday, the City is beginning to lean towards the latter camp. And for good reason. While Psion's Series 5 hand-

held computer - a device of mind-boggling sophistication crammed into a box no larger than a pocket diary - got an unqualified thumbs up from the academics, its commercial merits are not so obvious. To begin with, sales were held back by production problems. Now Psion is blaming a proliferation of competing products on the market for confusing the consumer.

For competing products, read Microsoft. Although the boxes on display at Dixons may be made by a rabble of different electronics firms, everyone except Psion's uses Windows CE, the stripped-down operating system which Microsoft has developed for use on portable computers. Because Bill Gates is wholly convinced that the future of computing is mobile. And being Bill Gates, he wants to own it.

David Potter, Psion's charismatic founder and chairman, knows that going head to head with the world's largest software company is not the way to riches. He also understands that Psion needs to share its operating system with others, if it is to survive. But licensing deals have been slow in coming. And there are worries that the Series 5 is just too clever (and, at £500, too expensive) for those who want it mainly as an electronic diary and address book.

It's too early to write Psion off. The potential for palmtops - doubling up as two-bible phones, linking stressed-out executives to their office networks and providing access to the internet - is huge. But if palmtops are to become a big boys game, can Psion hope to stay in it. The prognosis is still reasonable, but after yesterday's setback the worried looks are spreading.

Psion shares crash as Microsoft moves in on palmtop market

By Peter Thal Larsen

PSION, maker of the eponymous hand-held computers, yesterday saw its market value plunge by a fifth after it warned that increased competition from industry giants such as Microsoft would hold back its growth in the coming year.

Shares in Psion fell 91.5p to 328p as chairman David Potter said the "continuing rapid change in palmtop markets" meant the company was "cautious" about the immediate outlook. However, he said Psion would "continue to invest and plan for the longer term with confidence".

The news came as Psion reported pre-tax profits down 29 per cent, to £11.43m, for the year to December. The company blamed the fall on the strength of the pound, which it said had reduced sales by £12m and profits by £6m.

Experts said the fall was largely expected after Psion suffered a disappointing first half. Last year, the company warned that the launch of its new Series 5 hand-held computer had hit sales as the price of the older Series 3 was slashed and production problems meant Psion could not supply enough of the new machines to meet demand.

Instead, analysts said they

were more concerned about increased competition going forward. The introduction by Microsoft of CE, its new operating system for hand-held computers, has spurred a number of electronics companies to launch palmtop computers to compete with Psion.

"Microsoft is the environment Psion now competes in," said Keith Woolcock, an analyst at Merrill Lynch. "Microsoft will set the standard and the pace and that means Psion's margins are on an inescapable cycle downwards."

However, Psion rejected the idea that it was locked in competition with Microsoft. The company argues that Microsoft CE is better suited to larger portable computers, known as "sub-notebooks" and in the digital set-top boxes which will turn television sets into interactive computers capable of surfing the internet. Meanwhile, Psion would continue to concentrate on palmtop computers that people could slip into their pockets.

Mr Potter said: "It is not our purpose to confront Microsoft. That's absolutely out of the question."

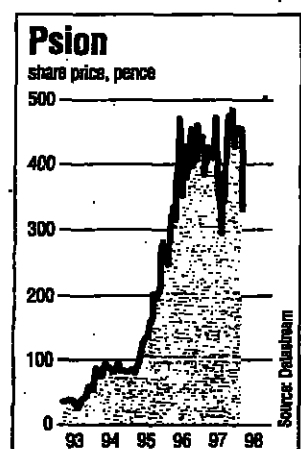
The Series 5, which offers users a full range of computing applications including a word processor, a spreadsheet and an internet browser, has been well

received since its launch last year, winning numerous awards from personal computer magazines. Mr Potter said yesterday that the Series 5, which sells for about £499, had overcome its early production problems and that Psion was expecting to ship, on average, 30,000 computers a month in the coming year.

The company is still selling its older Series 3 computer at about £299 and the Siena, a relatively simple personal organiser, for even less. All in all, Mr Potter said the company would sell about 450,000 machines in the coming year - up from about 360,000 in 1997.

Mr Potter said Microsoft's attempt to challenge Psion's market had not worked. "Microsoft's first entry into the hand-held personal computer market has not been successful," he said, adding that although Microsoft had sold a large number of licences for its CE operating system, machines using the software had not sold well and were being dumped on the US market for as little as \$99.

Mr Potter said the proliferation of competing models had confused consumers and restrained the growth of the market. But industry experts believe Psion's Series 5 is proving too sophisticated for consumers, many of whom want no more than a machine they can



use as an electronic diary and address book.

They fear Psion will have to cut the price of the Series 5 to get sales moving, thereby eroding its margins. Those worries have been fuelled by recent offers which package software and other accessories with the Series 5 but sell for the same price.

Yesterday, Mr Potter said the company would launch a big marketing push across Europe in the spring, and admitted Psion's strategy would be to be "aggressive". However, he would not give any details of possible price cuts.

Another reason for the market's disappointment was the absence of news about licensing deals for Psion's operating system, known as EPOC32. Last year Philips, the Dutch electronics giant, announced it had licensed the system for use in its new "smartphones" which will be a combination of mobile phone and electronic organiser.

Yesterday, Psion said it had licensed EPOC32 to another "global" company, but that the deal would not be formally announced before 1999.

Outlook, this page

Disney disappoints on Wall Street

WALT DISNEY failed to put a smile on the faces of dealers on Wall Street yesterday after analysts sounded worrying notes over the future performance of the entertainment giant. Walt Disney Co will earn less than expected in the fiscal second quarter because of lacklustre films, the effect of El Niño storms on theme-park attendance and poor ratings at its ABC television network, analysts said.

The pessimism helped depress sentiment on the New York stock exchange. Disney shares fell 3.8 per cent, in trading of 2.1 million, more than the three-month daily average of 1.4 million. The stock accounted for 17.4

points of the 68.75 point decline in the Dow Jones Industrial Average to 8516.08.

Before the stock market opened, several analysts lowered earnings estimates for Disney's second quarter. Company officials were not immediately available to comment. "In terms of the recent prices we thought it [Disney's stock] was extreme and we have suggested to people on a trading basis to lighten up," Howard Vogel at Cowen & Co said, adding he was likely to cut his second quarter estimate.

As several of its films struggle to draw crowds at the box office, analysts said Disney's ABC television network was

facing stiff competition and fewer people are visiting theme parks because of bad weather.

None of Disney's films were expected to perform that well in the quarter, and most analysts don't expect ABC to show signs of a turnaround until next year. Disney's main film offerings in the second quarter - *Kundun* and *Deep Rising* - had disappointing results, while the upcoming *Krippendorf's Tribe*, with Richard Dreyfuss, is not expected to do well.

Kundun, a Martin Scorsese film about the Dalai Lama, generated just \$5.22m (£3.16m) in revenue, while *Deep Rising*, a disaster movie

centred on a cruise ship, amassed \$10.8m. "It's a combination of El Niño on the West Coast and concerns about what is going on with the ABC results," said Christopher Dixon, at PaineWebber. "There is also no question they've had some tough movies, and Disney faces very tough comparisons."

Analysts said the market might have been ripe for some weakness after closing at record highs for five straight sessions. Disney was weighing heavily on stocks, they said. They said there was fear that Disney might be a prelude to bad earnings news from other blue-chip firms.

Beckett climbs down over threat of corporate governance legislation

By Michael Harrison

The Government yesterday ruled out introducing legislation to improve corporate governance standards in Britain's boardrooms for the remainder of this Parliament.

Margaret Beckett, President of the Board of Trade, said she preferred to encourage best practice rather than impose fresh laws.

Her statement effectively rules out any moves to force companies to obtain shareholder approval for boardroom pay packages or require institutional investors to use their votes at annual meetings until 2002 at the earliest.

Any changes to corporate governance legislation will be incorporated into the outcome of a major review of company law launched yesterday. But this review will take three years to complete and will not result in a new Companies Act until the next Parliament.

Outlining her response to the Hampel committee on corporate governance, Mrs Beckett said she expected shareholders to make a "step



Margaret Beckett: Shareholder 'step change' in company stewardship Photograph: Nicola Kurtz

change" this year in the way they exercised their stewardship of companies.

Companies, she told a conference organised by corporate governance watchdog PIRC, needed to be more transparent and accountable to all parties with an interest in the business, not just shareholders.

But she stressed that self-

regulation was the preferred route, saying: "There are those who would say that the Government has a responsibility to legislate for good corporate governance. However, while the legal system can be used to enforce aspects of best practice, I believe that the very best will adopt even better practice because they see its value and will

do so more readily of their own accord than if it is forced on them."

The root-and-branch review of company law will be the first since 1948 and will seek to modernise legislation still based largely on the framework put in place 150 years ago by the Victorians.

Outlook, this page

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EDITED BY ANDREW YATES

Deals add fizz to Cadbury shares

CADBURY SCHWEPPE'S, has had a storming run recently with shares in the soft drinks and confectionery group increasing by almost a third since the start of the year. This has been largely on the back of the two drinks deals signed in recent weeks which have soothed investor concerns about how Cadbury's was going to secure distribution for main drinks brands such as Dr Pepper and Seven Up to retailers.

In January, Cadbury extended its contract with Coca-Cola Enterprises, the US bottler, to distribute Dr Pepper in the America. Last month it signed a £185m joint venture in the US to buy two independent bottlers.

Drinks deals also complicated Cadbury's figures for last year. Pre-tax profits of £987m were boosted by the £442m sale of its stake in Coca-Cola Schweppes Beverages last year. But stripping out those proceeds, profits from continuing operations increased by 13 per cent to £575m, bang in line with market expectations.

The key issue for Cadbury remains its Seven Up brand in the US. It is up against ferocious competition from the Coca-Cola owned Sprite brand, which has increased its share by 9 per cent to 6.7 per cent in the year. Seven Up, by contrast, has lost 0.2 percentage points of its share to stand at just over 3 per cent, though it has reversed the sales decline.

An additional problem could come from Pepsi, which owns Seven Up internationally but not in the US. It is trying to gain a 100-hold in the lemon and lime market and is currently testing a new brand called Storm. Cadbury's chief executive, John Sunderland, says no soft drinks brand launched in America since the War has managed to secure a market share of more than 1 per cent. He neglects to mention Surge, a recent Coca-Cola launch, which grabbed almost 1 per cent in its first year.

Even so, with Pepper performing above the market average, Cadbury needs only to stabilise Seven Up to keep investors happy.

There was more good news elsewhere with losses in the Russian confectionery start-up diminishing. Profits in the Far East have fallen due to the economic turmoil in the region but Cadbury may use falling asset values to make an acquisition. Management admits that it has looked at possible targets but not pursued them.

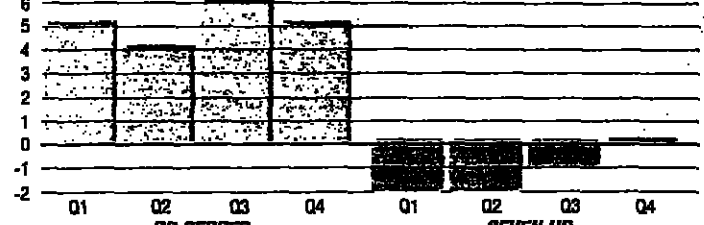
Cadbury Schweppes: At a glance

Market value: £7.5bn, share price 787p (-2.5p)

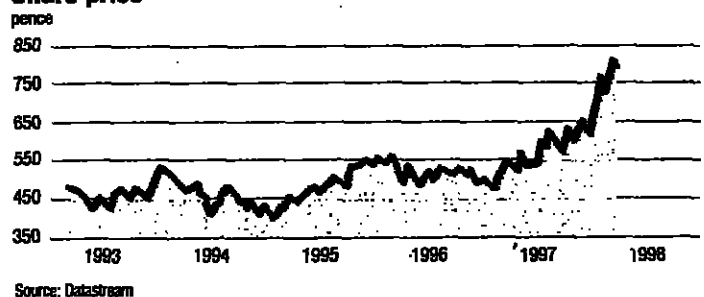
Five-year record	1993	1994	1995	1996	1997
Turnover (£bn)	3.7	4.0	4.7	5.1	4.2
Pre-tax profits (£m)	416	478	526	592	987
Earnings per share (p)	29.8	30.2	31.3	34.1	68.7
Dividends per share (p)	14.0	15.2	16.0	17.0	18.0

Volume growth - US beverages

% change



Share price



On current-year profit forecasts of £630m, the shares, down 2.5p to 787p yesterday, trade on a forward rating of 19. A solid hold.

Cookson shapes up after disposals

COOKSON yesterday made its first significant step towards salvaging its battered reputation in the City. The accident-prone industrial components group has produced one disappointment after another over the last few years. If that was not enough, its share rating has suffered from the dreaded conglomerate discount in a sector tainted by high-profile casualties such as Hanson.

But Stephen Howard, Cookson's new chief executive, has set about disentangling the sprawling group with gusto. He has already raised £140m

from sales and could get at least another £100m from its fibres business, which supplies the carpet industry.

This sale marks the end of the main disposal programme. The business has been slimmed down and simplified to three divisions: electronics, ceramics and engineering.

Cookson can comfortably spend £400m on new acquisitions. Return on capital employed is finally moving towards cost of capital, implying it is using its money far more wisely. However, the real way to restore faith in the group will be to prove that it can start producing strong and consistent organic growth from the businesses it has left.

The group is beginning to move in the right direction. Cookson shrugged off a £12m hit from the strong pound and the economic turmoil in the Far East to produce a credible 8 per cent rise in underlying profits to £179m in 1997. There are fears the Asian crisis will begin to bite into earnings this year. However, Cookson appears not to be

as vulnerable as most electronic groups, being less exposed to the cheaper consumer goods markets. In fact, with prices tumbling, it is even eyeing up more acquisitions in Asia. A greater emphasis on service should also bring an improvement in group margins.

Cookson's shares rose 13.5p to 240p yesterday after it calmed fears over Asia. Analysts forecast full-year profits of £193m, putting the shares on a prospective p/c ratio of 11. Cookson looks to have turned the corner. Good value.

Hays confident of rising profits

CAN Ronnie Frost do no wrong? Investors who backed the ebullient chairman of Hays, the business services group, at the time of its flotation in 1989 will have seen the value of their investment rise almost 10-fold. Even a failed bid at Christian Salvesen, the troubled logistics group, has not stopped the rise.

Yesterday, Mr Frost was at it again, reporting pre-tax profits (before exceptional items) up 29 per cent at £92.2m and saying he felt more confident than at any time since the flotation. In a falling market, the shares put on 8p to 943p.

It's hard to pick holes in Hays' performance. In distribution, the company's margins are better than its competitors' because it eschews cut-throat logistics deals in favour of first-time contracts. Late last year, Hays enjoyed a coup when it convinced BP and Shell to award it the contract to distribute non-petroleum products to their forecourts. Margins dropped to 9 per cent, but this was blamed on acquisitions, and returns should improve once they have been fully integrated.

Meanwhile, the commercial business produced 21 per cent growth while personnel turned in a sparkling 41 per cent increase in profits. Hays is pragmatic about moving into new business areas so, by invitation from its customers, it recently moved into IT personnel and has gone from supplying staff for a British Gas call centres to managing the whole show.

Future growth will be both organic and by acquisition. Hays has proved itself a shrewd predator in the past and it is hunting for small strategic deals on the Continent. The only question is how much of that is reflected in the share price. Broker Panmure Gordon forecasts full-year profits of £194m, rising to £222m, putting the shares at a 50 per cent premium to the rest of the market. High enough.

BICC lays new plans for cable division as profits dive 15%

BICC, the cables to construction group, unveiled a 15 per cent drop in annual profits yesterday and warned the first half of the year would be challenging for its cable operations.

But BICC, which has seen demand for cables across Europe depressed as governments have privatised electricity utilities or cut investment in state-owned operations, expects to see some benefits from a restructuring in the second half of the year.

The group saw pre-tax profits before exceptional items slide to £110m in 1997 from £129m previously. It also cut its total dividend payout to 8p pence from 12.5p. This compared with market expectations between £98m and £120m. Its shares shed 8p to close at 138.5p.

"The market in energy cables in Europe has been pretty horrendous and sterling hasn't helped... we have had to take radical action," said BICC's chief executive Alan Jones. This has seen the firm embark

on a radical restructuring, with the loss of 2,000 jobs in Europe in a push to drive its power cables operations back to profitability and the removal of £45m from its cost base.

As part of the company's decision to become more focused on power and high-voltage cables, it sold its UK construction and building wire business to Delta, which in turn sold BICC its power utilities, accessories and elastomeric cables business.

This move followed BICC's decision last year to merge its German cable business with NFK of Holland and make severe job cuts in Italy.

These measures are not expected to deliver any benefits in the first half of the year, although the company does see a slightly healthier marketplace for its products.

"We expect the first half of the year will continue to be challenging for our cable operations but in the latter part of the year we anticipate seeing evidence of the results of the action we have

taken," said Viscount Weir, BICC's chairman.

The moves were made against a background of overcapacity and poor prices in most parts of the European energy and cable markets and a strong pound. They resulted in a charge of £140m in the 1997 accounts for asset writedowns and other rationalisation costs.

After exceptional items the group made a pre-tax loss of £30m versus a profit of £64m.

BICC was more upbeat about near-term prospects for its construction arm, Balfour Beatty. The division, which has about half the group's turnover, was the star performer in 1997 with operating profits of £42m from £10m last time. A recent reorganisation that saw Balfour create a single organisation responsible for winning and executing large projects is expected to improve margins, currently around 3 per cent.

Elsewhere, BICC does not expect the Asian crisis to have any real impact.

Year 2000 brought to book

By Roger Trapp

COMPANIES are to be required to disclose the risks and uncertainties for their business and operations stemming from the millennium bug, or year 2000 problem, under rules published by the Accounting Standards Board (ASB) today.

With the world-wide cost of fixing the problem said to be as much as £400bn, many big companies are already disclosing significant estimated costs. The watchdog's Urgent Issues taskforce said that in most cases the costs incurred in meeting the problem through such means as modifying software should be written off to the profit and loss account.

The ASB also points out that details of risks and other un-

knowns that may threaten the existence of the business are even more important for investors than information on the costs incurred.

"Although the year 2000 problem is not the only risk faced by an entity, disclosure is justified by the pervasiveness and complexity of the issue and the extent of its possible effects," says the body, adding that disclosure may help accounts users distinguish between organisations that are planning for the issue and those that have not properly investigated it.

The taskforce is also today issuing rules for accounting for the introduction of the euro. While noting that the overall effect will probably not be as severe as the impact of the millennium bug, it says it will

affect many businesses even if they are not located in states adopting the single currency.

It therefore says that where the potential impact is likely to be significant it should be disclosed in the narrative to the annual report and accounts. The ASB is urging companies to adopt the new rules as early as possible but, in any event, for accounting periods ending on or after 23 March 1998.

Sir David Tweedie, ASB chairman, said: "It is difficult to overstate the potential impact of the year 2000 problem. It follows that the costs of tackling it need to be properly accounted for and properly disclosed. But more important still, users of accounts need to be given a clear assessment of the risks involved for the enterprise in question."

Hoverspeed restarts ferry route in Holyman deal

HOVERSPED, which is owned by Sea Containers, will restart one of the oldest cross-Channel routes as part of a new joint venture with Australian shipping and transport group Holyman. Hoverspeed will start a new fast-ferry service between the Dover and Ostend in Belgium tomorrow. Dover-Ostend services were operated for 147 years until 31 December, 1993 when the then Belgian state operator RMT transferred the service to Ramsgate in the UK. The new service is part of Hoverspeed's agreement with Holyman, announced yesterday, to take over Sijla Line's 50 per cent stake in Holyman Sally for a nominal sum.

Emcit converts to unit trust

THE BOARD of Emerging Markets Country Investment Trust (Emcit) announced proposals yesterday for the winding up and liquidation of the company. Under the proposals, which will be voted on by shareholders on 27 March, the company would be liquidated, its assets placed in Emerging Markets Country Trust and units distributed to shareholders. City of London Investment Management - Temcity's managers - said: "This is a painless way of shareholders realising the value of their investment." Earlier this week the chairman of the £185m Overseas Investment Trust resigned, just days before the board was due to publish proposals for the future of the company.

LucasVarity in joint venture

LUCASVARTY and the US-based TRW Inc have formed a joint venture to design, develop and manufacture column and pinion drive electric-steering systems for passenger cars and light commercial vehicles. LucasVarity will receive \$50m (£30m) from the new joint venture company, TRW LucasVarity Electric Steering Ltd, in return for its electric column drive steering technology and assets. TRW will license its pinion drive technology to the new company, in which it will have a 51 per cent stake while LucasVarity will have 49 per cent.

Faber Prest offer agreed

HARSCO CORP of the US has agreed a 500p share cash offer for Faber Prest which values the British company at around £55.9m. Faber Prest provides services to the steel industry. The offer represents an 8.1 per cent premium to Faber Prest's share price of 462.5p yesterday, and a 110.5 per cent premium to its share of 237.5p on 5 November, the day before the British company said it was in talks that could lead to an offer. The shares closed yesterday at 494p.

Brussels US telecom inquiry

THE EUROPEAN Commission has opened a full inquiry into a merger between the US telecoms companies WorldCom and MCI owing to concerns over their control of the internet. The decision echoes similar concerns in the US, where the companies face the main regulatory hurdles. "The Commission... is concerned about the parties' combined market share in relation to the supply of internet backbone services," it said. MCI said both companies were confident the Commission would eventually approve their deal. Although both companies are American, they each have annual sales of more than 250 million euros (£272m) in Europe - the level that triggers EU involvement.

Dawson International sees knitwear arm back in the black after three years



DAWSON INTERNATIONAL's new group chief executive, Peter Forrest (left), and chairman Derek Finlay, yesterday dressed up the announcement of a 17 per cent rise in pre-tax profits with IT girl Tara Palmer-Tomkinson modelling part of its Ballantyne Cashmere's autumn/winter 1998 collection.

The Scottish-based international textiles group announced profit before tax and exceptional items of £13.8m in 1997 and said its turbulent past was behind it as its turnaround strategy began to pay off. "Our roller-

coaster history we can put behind us... For the first time since 1991-92 all our businesses are making money. That is quite a milestone," Mr Finlay said.

He said Dawson could aim for annual operating profit growth in the 10 per cent range. Its Knitwear & Clothing division, including Pringle of Scotland - standard golfers' garb - was profitable for the first time in three years.

Mr Finlay said progress had been made despite what he described as an "overvalued" pound.

Photograph: PA

Oil projects freeze to cool economy

NORWAY's centrist government has devised an unprecedented scheme to dampen booming economic growth. It announced yesterday it was postponing all oil and gas projects by a year.

"There are big dangers that the economy will overheat," Marit Arnstad, the Oil and Energy Minister, told parliament. She said the delays, designed to cut 5.2bn crowns (£4.2bn) from 1998 investments of 66.9bn crowns, would cool the economy.

The reductions affect 12 oil and gas projects including British Petroleum's Ula Trias. "The government has decided to delay investments in all fields under consideration by one year to 1999 from 1998," Ms Arnstad said. The central bank has forecast gross domestic product growth of 5 per cent in 1998.

Norway is the second largest oil exporter in the world after Saudi Arabia, pumping 3.3 million barrels per day. The delays would have a long-term impact on the development of Norway's reserves and are unrelated to efforts by OPEC to prop up sagging oil prices.

Ms Arnstad said that, without any curbs, projected 1998 investments in oil and gas sector would surge to 66.9bn crowns,

13.7bn crowns above the forecast in the 1998 budget.

She said postponements would benefit oil companies, which she said were having to pay record rig rates and high salaries due to shortages of specialised labour.

The delay would also cut 1999 investments by 11.5bn crowns, Ms Arnstad said, adding that investments in projects tended to be higher in the second year after they start.

Arnstad said four of the projects - Norsk Hydro's Fram and Grane, state oil firm Statoil's Gullfaks satellites and Saga's Snorre 2 - were so big that they would require parliamentary approval.

But the government has just 42 seats of 165 in parliament and could face problems over Saga's Snorre 2, which has come furthest. The main opposition Labour Party, with 65 seats in parliament, said that parliament should give a green light to Snorre by the summer, and that it would decide only then whether it favoured a delay in investments.

Opposition right-wing parties want Snorre to go ahead unhindered, saying companies should be allowed to decide for themselves without government interference.

'City use will boost support for euro'

By Katherine Butler in Brussels

THE INTRODUCTION of the euro to London's money markets from next January will have a powerful "ripple" effect on British political attitudes to monetary union, a leading figure in the City predicted yesterday.

Judith Mayhew, policy head at the Corporation of London, told European Union officials the City of London would become the world's premier location for trading in euro. The extent of wholesale trading in the new currency would bring so many people into contact

with it, there would be a knock-on impact in terms of political support for the project in Britain. "I am convinced there will be a ripple effect which has not been counted yet," Ms Mayhew said.

She said it was "ironic" that the City of London would be better prepared than any other financial centre, when Britain would not be joining economic and monetary union (EMU) in the first wave.

A large delegation of business, political and civic leaders met European Commissioners and members of the European Parliament's monetary affairs committee to stress the point.

Ms Mayhew said "everyone" in the City would go on to a 24-hour day on 31 December to ensure they were ready to trade in the euro from 4 January.

"The City's particular advantages, its concentration of banks, skilled people and services, regulatory framework, technical infrastructure, position in the European timezone and use of the English language - all will ensure the City of London maintains its pre-eminence."

It was vital for Britain to establish a parallel monetary policy with the euro-zone during the initial period. This would help bring about convergence.

In the longer term, she said, Ireland would be the "litmus test" for Britain in deciding whether to join EMU. How the Republic, whose business cycle is similar to Britain's, fares during the first phase would be "illuminating".

Anxiety at the prospect of Britain being sidelined appeared to be the driving concern behind the CBI's decision to lead this week's joint delegation to Brussels. Political and civic chiefs have been joined by representatives of the Bank of England, the Stock Exchange, the futures and options exchange Liffe and the CBI.

Why Asia should swallow the IMF's prescribed medicine



DIANE COYLE
ON WHO IS
RESPONSIBLE
FOR CRISES

THE International Monetary Fund (IMF) has become every body's favourite villain since financial catastrophe engulfed Asia. No matter that the markets seem, for now, to have stabilised. There is still no shortage of alternative financial therapists lining up to criticise the IMF for prescribing the wrong medicine.

They range from development charities concerned about the effect of tough fiscal and monetary policies on the poor to high-powered economists such as Jeffrey Sachs of Harvard University. He has argued that conventional austerity measures are out of place in responding to the financial crisis. Rather, he has claimed in some fierce attacks on the Fund, the right medicine to cure what he diagnoses as a self-inflicted investor panic is increased liquidity in the banking system, not tighter monetary and fiscal policy.

Behind the volley of criticisms lies a common conventional wisdom. This says that even if austerity policies eventually do make things better, first of all they make things worse, and possibly catastrophically worse. The IMF is seen by its opponents as an old-fashioned leech doctor, sucking economies dry by imposing a recession which exacerbates poverty and political conflict. This, in turn, risks undermining

any eventual economic stabilisation. Rather than a no-gain-without-pain cure, it is a pain-means-no-gain one.

Like most accepted truths, there is very little evidence for this view, however. Counter-intuitive as this may seem when Indonesia looks to be on the verge of appalling political violence, some episodes of IMF austerity in developing countries have been followed by economic expansion and many have not been particularly recessionary (because better policies have reduced long-term real interest rates). Besides, the pop wisdom makes no attempt to allow for the counter-factual possibility that the economy would have been in worse shape without the imposed monetary and fiscal policies.

What the debate boils down to is the question of who bears the responsibility for economic outcomes. Is it the insiders, the local politicians who have been setting policies for years? Or the outsiders, whether the fickle and unstable "speculators" who triggered the crisis or the IMF trying to resolve it? A recent strand of academic research has been trying to answer that question.

One clue lies in an observation by Amartya Sen, the revered development economist, that famines never occur in democracies. This has been followed up by Dani Rodrik, a researcher at Harvard University's Kennedy School of Government, with two sets of findings*. One is that wages are higher in democracies. Controlling for obvious explanations for disparate wage levels, mainly differing levels of productivity, an improvement in democracy – measured by an index based on civil liberties and political rights – can raise wages by 20-40 per cent above the level pure economic indicators would predict. If Mexicans enjoyed the same political liberties as Americans, their wages would rise by 30 per cent, Professor Rodrik predicts.

The other result is that countries with less social conflict and stronger political institutions

Government spending favours the well-off

Share of government subsidy received by

	poorest 40%	middle 40%	top 20%
(a) health			
Indonesia	19	36	45
Malaysia	47	37	17
Philippines	27	33	40
Sri Lanka	46	39	14
Chile	51	47	11
(b) higher education			
Indonesia	7	10	83
Malaysia	10	38	52
Chile	12	34	54
Argentina	17	45	38
Costa Rica	17	41	42
(c) hospitals			
Indonesia	23	53	23
Malaysia	36	34	20
(d) all education			
Indonesia	46	25	29
Malaysia	41	41	18
Chile	48	34	17
Argentina	42	35	17
Costa Rica	48	38	20

Source: Alesina, 1997.

cope better with external shocks. The mid-1970s oil crisis slowed growth far more in those countries which suffered from high income inequality, ethnic tensions, corrupt bureaucracies and inadequate social insurance for the very poor. Differences in investment and government economic policies have very little extra power to explain differences in growth rates once the social and political factors have been included.

Another Harvard man has built an explicit defence of the IMF approach on these empirical foundations*. Alberto Alesina argues that the poor do not necessarily suffer because of the austerity measures, but rather because of the bias in government spending in many emerging countries towards spending on the vocal middle classes instead of the truly needy. For example, many governments – including those in Indonesia

and Malaysia – heavily favour spending on higher rather than primary education, to the benefit of the well-off. Safeguarding traditional social spending would actually often just preserve patronage and interest group entitlement.

He notes, dryly: "The macroeconomic imbalances that eventually lead to IMF-supported adjustments are rarely the result of successful attempts at reducing poverty and inequality."

By contrast, the "alternative therapy" view does not pin the blame for crises – imbalances, in economist-speak – on internal policies. Its preferred culprit is footloose global capital, which the IMF is alleged to be bailing out by forcing Asian countries to alter their policies and repay their loans. If volatile capital flows caused the crisis, then by implication, the solution lies in controlling financial

markets rather than improving government policies. There is certainly a bandwagon rolling in favour of this solution.

So which world view, the IMF approach or the anti-market alternative, is more plausible? Are government policies or market whims to blame for financial crises? The evidence in favour of the latter is that the Asian model of economic management worked well until last year, and the thing that has changed is not the policy or degree of political patronage, but the amount of foreign capital sloshing around. This lends support to calls for more transparency and better co-operation in the regulation of international investment and lending.

But this cannot possibly be the only explanation. The evidence for internal policy weaknesses is overwhelming. For instance, Indonesia is riven by ethnic tensions held in check only by force, while its business sector is dominated by relatives of the president. The surprise is surely that the economy worked so well for so long, not that it cracked under the strain of a big external shock. The right response on the part of the IMF, which is, after all, channeling billions of dollars into the country, is to insist on better policy and politics, not to try to make sure that the same kind of external shock cannot be repeated.

This is not to dismiss concerns about the outlook for the most vulnerable people, whether Indonesia's landless poor or South Korea's workers – simply to point out that their situation is more likely to be improved by internal reform than by ignoring the IMF prescription.

* *'Democracies Pay Higher Wages' and 'Where Did the Growth Go?' by Dani Rodrik, Centre for Economic Policy Research Discussion Paper No. 1776 and 1789, 01/71-78/2900.*

* *'Chapter by Alberto Alesina in 'Income Distribution and High Quality Growth' ed. Vito Tanzi and Ke-young Chu, MIT Press December 1997, £46.50.*

PEOPLE & BUSINESS

JOHN WILLCOCK



CABOUCHON, the costume jewellery operation founded by Petra Doring, has gone belly up with debts of around £7m.

Scott Barnes of Grant Thornton was sent in yesterday morning as a receiver by Cabouchon's main creditor, Midland Bank. Mr Barnes, speaking from the bank's head office in Brentford, Middlesex, said: "Everything's a bit sketchy at the moment."

"We think the business had a turnover of around £25m and made losses over the last two years totalling around £4m. Apparently, Petra Doring has sent out a letter saying some of the business has been sold. We're trying to get to the bottom of this, and we will be meeting with her first thing tomorrow morning."

Ms Doring was working last week to merge the struggling operation which she founded seven years ago with Zepter International, a cosmetics and kitchenware group based in Monaco.

This leaves Mr Barnes with the tricky task of finding out which of the UK company's 50-odd staff and various remaining assets still belong to Cabouchon, and which to Zepter. There are also several thousand consultants in the UK who have been asked to direct to the public. To complicate the picture, Cabouchon's holding company is based in the Netherlands and there are other trading arms in Japan, the US, France and Germany.

The unravelling of Cabouchon should be a lively story.

WELCOME back, Nazim Virani. The property tycoon and former boss of Control Securities was, last week, sentenced to two and a half years in jail in 1994 when he was convicted of several charges of false accounting.

Yesterday he was celebrating a £1.625m deal by his new company Cygnus Properties & Leisure, which has bought a 250,000 square foot hotel and office complex in Leicester.

Mr Virani, an old pal of Gerald Ronson, commented: "This is a major step forward in building the leisure division of Cygnus. The complex will be refurbished and comprise a 220 bedroom hotel and 130,000 square feet

of exhibition and conference facilities and serviced office suites."

Bravo. Good to see that our much maligned penal system can rehabilitate offenders so effectively.

TO THE GUS egm at the Chartered Insurance Institute yesterday for the vote on GUS's bid for Angos. A keen BBC camera crew is pouncing on people entering the building and asking them whether they will be voting in favour of the bid.

The first likely looking man they assail is asked: "Are you a shareholder?"

He replies: "Yes, I am."

BBC: "Will you be voting in favour of the bid?"

Man: "Yes. Then I would say that wouldn't I, because I'm the chairman."

And with that Lord Wolfson of Sunningdale, chairman of GUS, swept into the meeting.

PRICE WATERHOUSE has appointed two new people to lead the team which organises the Academy Awards ballot for the Oscars. PW has been running the highly sensitive ballot for the last 70 years, and the latest partners to head up the team are Greg Garrison, 44, senior partner of the American practice, and his colleague Liza Pierozzi, 36.

So does this make Pierozzi and Garrison the Nicole Kidman and Tom Cruise of the accountancy world? A PW spokeswoman replies: "Why not? They are, after all, going to be dressed exclusively by Calvin Klein."

I hope Mr Klein doesn't forget the trademark ball point pens in the breast pocket.

JOLLY well done Sir Nigel Rudd, hockey-playing chairman of Williams Holdings, who has just rescued the Buxton Festival this year after the Arts Council cut off funding for the bash. Williams, which is based in Derbyshire, is stumping up £50,000 to help cover the lease of the nearby Opera House, as well as running costs for Mozart's delightful opera *La finta semplice*.

Sir Nigel, a bit of an opera buff himself, will no doubt be going along to hear international baritone Thomas Allen star in the opera. Mr Allen sprang to fame in the chart-topping BBC version of Lou Reed's "Just a Perfect Day", you may or may not recall.

LORD DONOUGHUE, former bag carrier for the late Robert Maxwell and currently Under Secretary State for Agriculture, Fisheries and Food, popped up at the All Bar One in Leicester Square in London one morning this week to urge people to go work in puts.

The British Institute of Inn Keeping has launched a campaign called "Leisure Careers in the UK", using £210,000 of government grant money, to highlight the attractions of serving behind a bar.

Lord Donoughue was delighted at the enthusiasm shown by the campaigners. "It's nice to see this Government cash so welcome," he said.

"My department is responsible for giving farmers loads of money, £20bn since 1990, and they're still in revolt."

Foreign Exchange Rates

Country	Sterling	1 month	3 month	Dollar	1 month	3 month	D-Mark	1 month	3 month
UK	100.00			1.0000			1.0000		
Australia	2.4200	2.4380	2.4320	0.6920	0.6910	0.6910	0.5340	0.5340	0.5340
Canada	2.1000	2.1000	2.1000	0.7100	0.7100	0.7100	0.5340	0.5340	0.5340
France	6.5400	6.5400	6.5400	1.3660	1.3660	1.3660	0.5340	0.5340	0.5340
Germany	1.9360	1.9360	1.9360	1.9360	1.9360	1.9360	0.5340	0.5340	0.5340
Italy	1.9360	1.9360	1.9360	1.9360	1.9360	1.9360	0.5340	0.5340	0.5340
Japan	160.70	160.70	160.70	160.70	160.70	160.70	0.5340	0.5340	0.5340
Netherlands	2.2030	2.2030	2.2030	2.2030	2.2030	2.2030	0.5340	0.5340	0.5340
Sweden	8.4660	8.4660	8.4660	8.4660	8.4660	8.4660	0.5340	0.5340	0.5340
Switzerland	1.4830	1.4830	1.4830	1.4830	1.4830	1.4830	0.5340	0.5340	0.5340
US	1.5470	1.5470	1.5470	1.5470	1.5470	1.5470	0.5340	0.5340	0.5340

Other Spot Rates

Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	19.070	100.00	Oman	0.6340	0.3890
Brazil	1.9820	1.0000	Pakistan	72.468	44.000
China	8.2750	1.0000	Philippines	55.720	3.4780
Czech Rep	34.020	1.0000	Poland	5.9890	3.8400
Egypt	56.038	3.4084	Romania	100.000	1.0000
Ghana	2.0000	1.0000	South Korea	257.50	59.400
Hungary	34.170	20.870	Taiwan	32.890	3.1777
India	46.970	39.450	Thailand	48.880	43.470
Indonesia	1.9360	1.0000	Turkey	3.8190	2.9390
Kuwait	0.5220	0.3050	UAE	0.6490	3.8720
Nigeria	138.30	84.000			

Interest Rates

UK	Germany	US	Japan
Base	7.25%	5.50%	5.00%
Discount	5.50%	4.50%	4.50%
Intervention	3.00%	2.50%	2.50%
Prime	5.50%	5.00%	5.00%
Repo	5.50%	5.00%	5.00%
Swap	3.00%	2.50%	2.50%

Bond Yields

Country	3m	1y	2y	5y	10y
Australia	4.80	4.80	4.80	4.80	4.80
Canada	4.80	4.80	4.80	4.80	4.80
France	4.80	4.80	4.80	4.80	4.80
Germany	4.80	4.80	4.80	4.80	4.80
Italy	4.80	4.80	4.80	4.80	4.80
Japan	4.80	4.80	4.80	4.80	4.80
Netherlands	4.80	4.80	4.80	4.80	4.80
Sweden	4.80	4.80	4.80	4.80	4.80
Switzerland	4.80	4.80	4.80	4.80	4.80
US	4.80	4.80	4.80	4.80	4.80

Money Market Rates

Overnight	1 week	1 month	3 months	6 months	1 year
UK	7.25%	7.25%	7.25%	7.25%	7.25%
Germany	5.50%	5.50%	5.50%	5.50%	5.50%
US	5.50%	5.50%	5.50%	5.50%	5.50%

Commodity Prices

Commodity	Price
Oil	22.25
Gold	380.00
Silver	16.00

Liffe Financial Futures

Contract	Settlement	High	Low	Open
Long GB	122.25	122.25	122.25	122.25
5 Yr US	101.88	101.88	101.88	101.88
German Bund	101.88	101.88	101.88	101.88
Italian Bond	101.88	101.88	101.88	101.88
Japan Govt Bd	101.88	101.88	101.88	101.88
3 Mth Sterling	101.88	101.88	101.88	101.88
3 Mth Eurodollar	101.88	101.88	101.88	101.88
3 Mth Euroyen	101.88	101.88	101.88	101.88
3 Mth ECU	101.88	101.88	101.88	101.88
FTSE 100	101.88	101.88	101.88	101.88

Liffe FTSE 100 Index Option

Series	Call	Put	Call	Put
1000	101.88	101.88	101.88	101.88
2000	101.88	101.88	101.88	101.88
3000	101.88	101.88	101.88	101.88
4000	101.88	101.88	101.88	101.88
5000	101.88	101.88	101.88	101.88

Energy

Contract	Settlement	High	Low	Open
WTI Crude	22.25	22.25	22.25	22.25
Brent Crude	22.25	22.25	22.25	22.25
Heating Oil	22.25	22.25	22.25	22.25
Gasoline	22.25	22.25	22.25	22.25

Commodity Indices

Index	Value
Agricultural	101.88
Industrial	101.88
Metals	101.88
Soft Goods	101.88

Industrial Metals

Commodity	Price
Aluminum	1435
Copper	101.88
Lead	101.88
Nickel	101.88
Platinum	101.88
Silver	101.88
Zinc	101.88

Precious Metals

Commodity	Price
Platinum	101.88
Silver	101.88
Gold	101.88

Agricultural

Commodity	Price
Wheat	101.88
Corn	101.88
Soybeans	101.88
Canola	101.88

Other Softs

Commodity	Price
Latex	101.88
Sisal	101.88
Wool	101.88

Latest Unit Trust Prices

Fund	Unit Price	YTD	Fund	Unit Price	YTD
ABN Growth Trust Ltd	1.0000		Worldwide	363.90	0.00
ABN Income Trust Ltd	1.0000		Worldwide Investment Portfolio (2000)	1.0000	0.00
ABN Property Trust Ltd	1.0000		Worldwide Investment Portfolio (2000)	1.0000	0.00
ABN World Trust Ltd	1.0000		Worldwide Investment Portfolio (2000)	1.0000	0.00
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Sporting hero is a term that should be handled with discretion

ONE of the occupational hazards of a veteran sportswriter is the scorn that historical perspective raises in an advancing generation. Things may be better than they were, maybe not, but how many sports performers today will be remembered as genuine heroes?

Beginning last night, Sky Sports 3 is broadcasting a series of 20 interviews with great figures from Britain's sporting past conducted by the old ITV hand Dickie Davies, who was big on the box when some of today's star presenters were in nappies.

First up was the 1980 Olympic 800 metres gold medalist, Steve Ovett, to be followed by his great middle-distance rival, Sebastian Coe, and such notables as John Charles, Tom

Finney, Colin Cowdrey, Mary Peters, Stirling Moss, Willie Carson, Roger Bannister, Gareth Edwards and Henry Cooper. Davies's personal choices, all qualify as sporting heroes.

I'm certain, anyway, that the status ought not to be awarded lightly. It has as much, maybe more, to do with presence as achievement, a matter of people confronting fame and time and themselves.

A friend, Tom Cushman, who writes sensitive sports columns for the *San Diego Union-Tribune* recalls the thrill he felt as a college freshman track athlete when hearing of Bannister's four-minute mile. "It was unbelievable," he said. "From that moment Bannister was, and still is, one of my sporting heroes."

The fact that Bannister did not win an Olympic gold medal is irrelevant. Henry Cooper didn't make it to world class, his only attempt at the heavyweight championship ending in bloody defeat by Muhammad Ali in 1966, but the years since then have not diminished his popularity. Stirling Moss failed to win the drivers' world championship but he remains unquestionably a hero of motor racing.

Last year I attended a dinner at which Charles was given a lifetime award for his great feats in football. Most of those present had never seen the Welshman play, not even on television, but they knew a hero when they saw one. Many footballers today state the desire to be with a



KEN JONES

club that offers them a chance of winning championship and cup medals. A brilliant England international, all Finney has to show for a club career spent entirely in Preston North End's colours is a loser's medal in the 1954 FA Cup final. Recently, I was recalling for

some young people (this happens all too frequently these days) a period through which I lived as a goggle-eyed boy. Television was only a rumour so a sense of sporting heroism could only be gained from newspapers and radio. Importantly, I later discovered that one or two of the heroes who thrived in my imagination, Stanley Matthews and Denis Compton for example, were heroes to many millions.

I still find sport a better area than most to look for truth. Without question we stand in the middle of a national sports boom: growing attendances, better-prepared performers who in some cases get more for their labours than people are paid for running countries. Pre-

cisely where we stand in the matter of heroes is less apparent.

If Davies had come a little further forward in time he could have found other candidates. Ian Botham was a natural hero of cricket. For all his technical limitations Frank Bruno was, in a curious way, heroic. Lennox Lewis may be the most accomplished heavyweight out there but somehow heroism doesn't fit with him.

Sporting hero is a term that should be handled with care and discretion. Nick Faldo has climbed higher in golf than one of Davies's heroes, Tony Jacklin, and is unquestionably a hero but Jacklin's success was totally unexpected and therefore more heroic.

Once you get into something like

this, I frankly don't know where you stop and how the leading figures in British sport today will be looked upon by historians of the future. Nobody will have to think twice about Steven Rodgrave, but it's difficult to imagine that Paul Gascoigne will qualify as an all-time British hero and, despite his prowess, Alan Shearer may never be spoken of in the same breath as many illustrious figures in the fairly recent history of football.

All the heroes Davies has selected relished personal success and took pleasure in the honours that came to them. Circumstances saved their greatness from the modern carnival vulgarity that would have debased it. That was good for sport and good for the concept of heroism.

Bosnich to turn up Villa vocals

RAUCOUS laughter broke out as the Aston Villa party queued to board the flight back from their 1-0 defeat at Atletico Madrid. When it subsided, Dwight Yorke could be heard mocking the England cricket fans among his colleagues and the press corps for being so foolish as to imagine that they might win the recent Test match.

The Tobagan insisted that the West Indies had been toying with their prey, knowing they had done enough to prevail. The cameo typified a perceptible improvement in Villa's morale during the first week of John Gregory's management. Yet a nagging doubt persists that Atletico, like Yorke's compatriots, have also established a platform for progress.

Raddy Antic certainly believes a place in the last four of the UEFA Cup is very much within Atletico's grasp, despite Villa's wrestling control of Tuesday's quarter-final, first-leg match following Christian Vieri's 42nd-minute penalty. After noting that it was a "game of two halves" - which proved his time on Luton's books was not wasted - the Yugoslav coach set out a plausible case for Spanish optimism.

"It will be a hard game at Villa Park because there will be a great atmosphere and they will play differently," he said. "But we haven't lost an away match in Europe for two years, and while that is just a statistic, we have to be confident."

Antic was almost guilty of underplaying Atletico's record. In last season's Champions' League they were the only side to beat the eventual winners, Borussia Dortmund, triumphing 2-1 in Germany. They also

After the missiles in Madrid, Aston Villa's keeper is looking for a verbal rocket to swing the home leg. Phil Shaw reports

won 4-1 at Widzew Lodz, of Poland, and drew with Steaua Bucharest and Ajax.

This time they have won 2-0 at Leicester, after taking only a 2-1 advantage to Filbert Street, and returned unbowed from Salonika and Zagreb. In that context, Antic was entitled to view Villa's failure to score the goal their growing assurance merited as potentially crucial to the eventual outcome.

Mark Bosnich, who exuded an aura of being unbeatable during the early siege, sensed that Atletico were satisfied with their lead. "I don't whether they put so much into the first half that they ran out of steam, but it seemed to me they settled for 1-0. With the away-goals rule as it is, you can understand that mentality."

The goalkeeper's brilliance was all the more impressive for the barrage of missiles from the crowd to which he was subjected. He incurred a caution for time-wasting as he sought to draw the attention of an otherwise impeccable Italian referee, but there is no appeals procedure.

Indeed, only Alan Wright of Gregory's possible starting XI for the return will not be at risk of missing the first semi-final by being booked again. It will be scant consolation to Bosnich to know that Atletico can expect to be fined provided the referee or the UEFA delegate reports the trouble.

The Australian is looking to Villa's supporters to intimidate Atletico by legitimate means on

17 March. "We have to make it as hot as possible for them because they're a top side and have been to some big places. These teams pride themselves on their counter-attacking skills, but if we keep it tight at the back we've got a better than even chance."

Villa's captain, Gareth Southgate, expressed disappointment at a scoreline which he confessed he would have accepted beforehand and warned against getting carried away. "There's no question that the hard work is still to be done. However long it takes, we have to score twice. Atletico are an outstanding team and with the players they've got they'll break very well."

By quashing speculation that he planned to leave during the summer, Southgate has given an added fillip to Gregory's honeymoon period. It is early days, as Ron Atkinson would say, but the new manager, now entering his second week as Brian Little's successor, appears to have restored stability on and off the pitch.

Gregory, like Little, was a member of the last Villa side to reach this stage of the competition 20 years ago, when they went out to Barcelona. The prospects of going at least one stage further are finely balanced. In the meantime, he may well be cautioning that while Continental football is the icing on the cake, the Premiership is Villa's bread and butter, and survival has yet to be assured.



Mark Bosnich remonstrates with the referee in Madrid on Tuesday Photograph: Empics

Vialli advises cool approach

By Bill Pierce

Gianluca Vialli has warned his Chelsea team to clean up their act to avoid compromising their European Cup-Winners' Cup challenge when they take on Real Betis tonight.

Chelsea's record of 61 bookings in domestic football is one of the worst in the Premiership. Dennis Wise, their captain has already served two suspensions this season, and has been summoned by the Football Association to explain why he is the first player in the League to collect 11 yellow cards. Mark Hughes starts his second ban of the campaign after tomorrow night's game having been cautioned eight times.

Vialli, highly experienced in the cat and mouse manoeuvres of Continental club competition after winning all three major trophies during his time in Italy, has told his players to modify their combative approach against Betis or risk losing key personnel for the second leg of the quarter-final at Stamford Bridge in two weeks' time.

The player-manager may well stick with the ambitious, Juventus-style 4-3-3 system he introduced on taking over from Rudi Voller three weeks ago. He said: "We must not be scared to play strongly but we must also play with cool heads. I know the Betis players. They

are very good technically and they have all the tricks. I don't mean that they cheat but with a big crowd behind them lifting their spirits they know how to get the best from a home game."

"We must be very careful not to get bookings. There is another leg in which we can recover if we need to but we can't do it if we have too many players out of the game."

He thinks Chelsea can beat Betis so long as they cope with the different style and atmosphere they will face in Seville. "I have to be optimistic," he said.

Wise, booked in all his last four games, said: "Luca has stressed the importance of keeping out of trouble. But I'm looking forward to playing in Europe again. I think the referees have a better attitude to what is an honest challenge."

The Swedish referee Leif Sundell has already been replaced by a Bulgarian official for the match after Chelsea complained to UEFA, the game's governing body in Europe, about his fraternising with Betis officials at a recent Spanish League match.

In fact, Roberto Di Matteo is the only Chelsea player already with a yellow card in tonight's probable starting line-up. Vialli, who expects slight injury doubts over Graeme Le Saux (ankle) and Mark Hughes (calf) to clear in time for kick-off.

Troussier finally takes over

PHILIPPE TROUSSIER finally took over as the coach of South Africa yesterday when the caretaker, Jomo Sono, resigned.

Sono was scheduled to step aside following the African Nations' Cup in Burkina Faso last month, but the unexpected success of South Africa in reaching the final made him reconsider. The team captain,

Lucas Radebe of Leeds, led appeals for Sono to stay but he decided it would be unethical for South Africa to ditch Troussier.

The Frenchman was named national coach in January but his contract with the Nations' Cup hosts, Burkina Faso, who finished fourth in the tournament, prevented him moving to South Africa before March.

Durie has no wish to watch collision

By Ken Gaunt

GORDON DURIE is so traumatised by the head injury he suffered in the game against Kilmarnock he says he will never watch replays of the match.

The Rangers and Scotland striker spent three nights in Glasgow's Southern General Hospital after an accidental clash of heads with Gary Holt last week that left him severely concussed.

The Scotland striker has lost weight and was still suffering

headaches at the start of this week. He is expected to be out of football for up to a month.

"One thing is certain, I never want to watch that match," he said. "It's scary because I can't remember anything about it. The first thing I knew was when I woke up in the ambulance. The medics asked me what was going on and I didn't have a clue."

"Now I hear some people are demanding better protection and I have to agree. But it's a grey area for me. I mean I felt fine then collapsed. The possi-

ble risks for the future have been spelled out to me but I am hopeful of making a full recovery."

Celtic's astonishing pulling power was revealed today with the club closing its waiting list for season tickets, with 10,000 people in the queue. The club already has 42,500 season-ticket holders, the most in Britain. It means Celtic are already close to filling Parkhead, which will have a 60,000 capacity when rebuilding work is completed later this year.

The news comes on the

fourth anniversary of the takeover by the present managing director, Fergus McCann, and he is thrilled at their progress.

"The desire to see Celtic has never been greater," he said. "I would like to record our thanks for the incredible backing every week. We have come a long way in a short time. But I believe we are only a short way along the road of Celtic's potential."

Celtic, under the stewardship of their Dutch coach, Wim Jansen, are still on course for the treble, having already lifted the League Cup. They are two points clear at the top of the table and face Dundee United in the quarter-finals of the Scottish Cup on Sunday.

Fans have been flocking to Parkhead with the club's average gate 48,409 compared to 22,888 four years ago. Turnover has also risen dramatically with £15,525,000 being generated in the first six months of this year compared to £3,736,000 in the whole of the 1993-94 season.

Brussels talks Blades chairman to depart about tickets

By John Lichfield in Paris

THE French organisers of the World Cup will defend the small allocation of tickets to foreign fans as a "security measure" in a crucial meeting in Brussels today in which Jacques Lambert, the director general of the organising committee, will meet the EU Commissioner responsible for free and fair competition, Karel van Miert.

The European Commission has warned that the system used for allocating tickets, reserving 60 per cent for people with French addresses and bank accounts, may break EU free trade laws. But Mr Lambert plans to argue that this method is essential to segregate fans.

If the EU insists on its interpretation of European law, the organising committee will insist that it is still too late to change allocations for the group matches.

THE Sheffield United fans who demonstrated against their chairman, Mike McDonald, at Bramall Lane on Tuesday have had a result - the announcement of his resignation.

The supporters were protesting against McDonald after the surprise decision of the manager, Nigel Spackman, to leave the First Division club on Monday.

McDonald reacted by announcing yesterday that he intends to stand down. "I am not here to be abused. I have always said from the outset that, on the football side, once the fans don't want me, I will go. We are in the quarter-finals of the FA Cup, in the top six in the League and the fans are not happy for some reason or other. I have said all along that, if they are not happy with me, then I won't be there."

However, McDonald will still be part of Sheffield United plc. "I will get on with developing the ground around the stadium," he said.

Lou Macari, tipped to become Spackman's successor, yesterday said he has had no contact with the Blades over their vacancy - but that he would jump at the chance. The former Birmingham, Celtic and Stoke manager has been out of work since July last year after leaving Stoke.

"Obviously I am flattered that my name has been mentioned and I would love the chance to get back into management," Macari said. "I do know Mr McDonald, and maybe in the next 24 hours things will change, although there has been no approach. We will just have to wait and see."

The Bolton Wanderers defender Mike Whitlow has been ruled out for the rest of the season with knee ligament damage. The 30-year-old left-back, a £700,000 signing from Leicester City earlier this season, was carried off during a game at Barnsley on 3 January.

Everton's veteran defender

Dave Watson is poised to sign a new one-year contract with the club. Claus Thomsen, the club's Danish midfielder, though, is to leave Goodison for AB Copenhagen for a fee of £500,000.

The Crystal Palace forward Attilio Lombardo is set to return to first-team action next week against Chelsea. He tore a thigh muscle while training with the Italian squad back in November and his comeback at home to Liverpool in December ended after just 48 minutes when he went off injured again.

The Aberdeen defender Ilian Kirilov is facing further disciplinary action from the Scottish Football Association. The Bulgarian, who was sent-off on Saturday by the referee Kevin Blackford for spitting at Kilmarnock's Jim McInyre, already faces a three-match suspension.

The SFA's disciplinary committee will discuss the matter at its meeting on Monday and will assess whether further punishment is merited.

GERMANS
FORMIDABLE UP FRONT, UNBEATABLE AT THE BACK

Continental

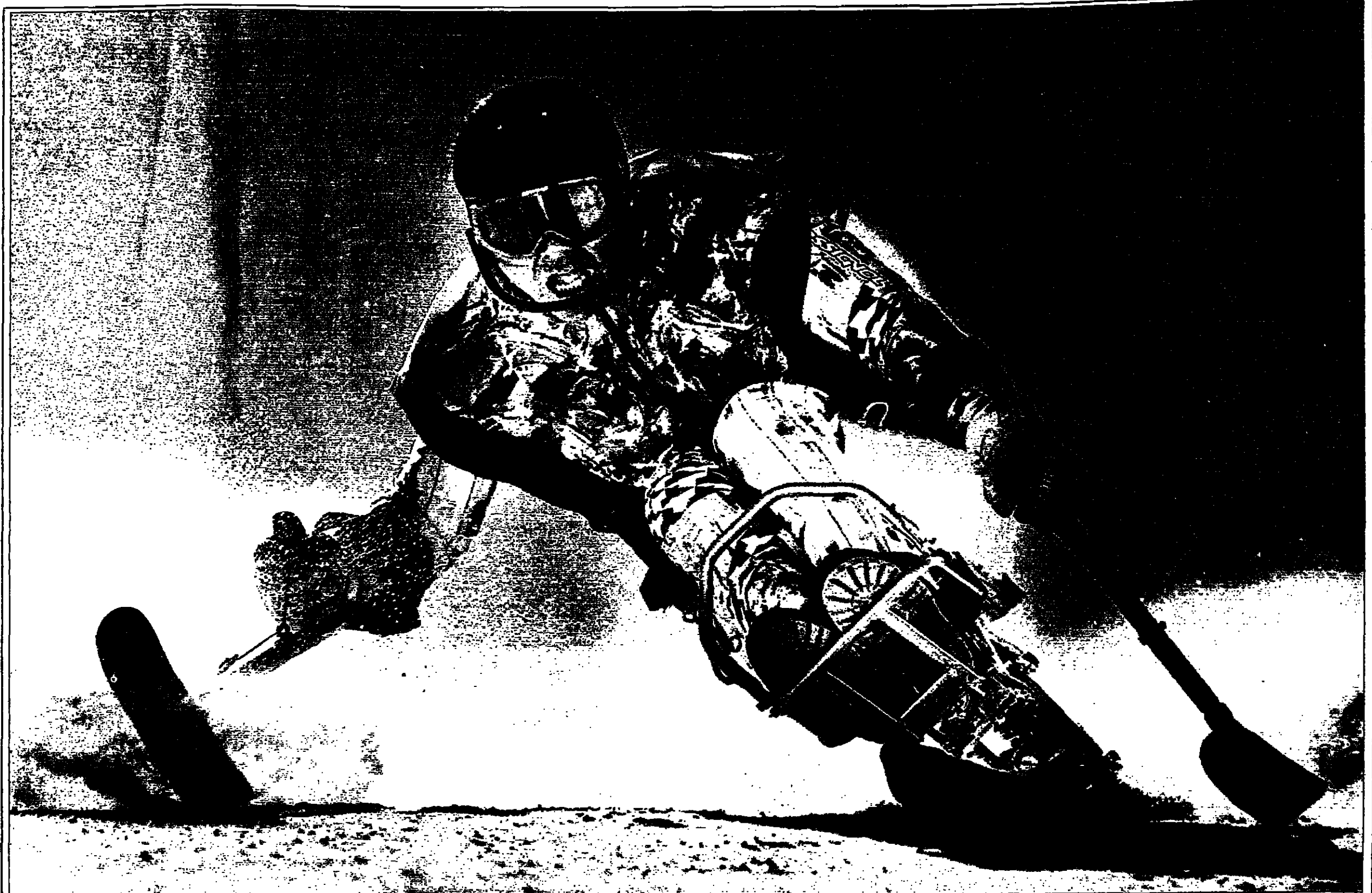
TYRES - ENGINEERED IN GERMANY

OFFICIAL SPONSOR
OF THE



CHAMPIONS
LEAGUE

صوتنا من الامل



Ryuei Shinohe, of Japan, demonstrates his balance and concentration as he executes a turn on his chair-ski at Shiga Kogen in training for the Alpine skiing event at the Paralympics, which begin in Nagano, Japan, today

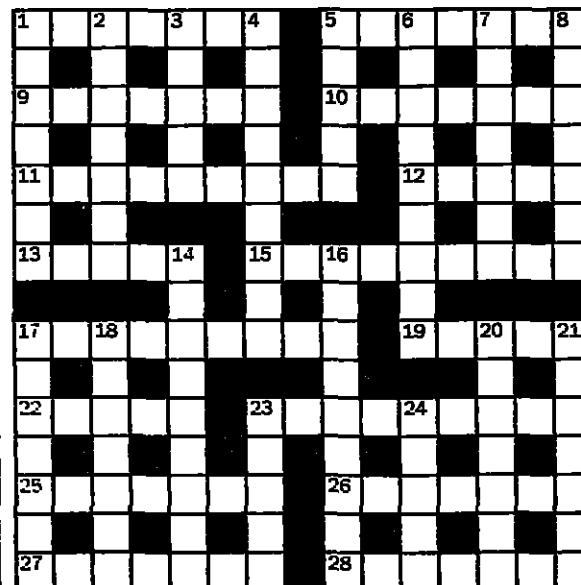
Photograph: AP

THE INDEPENDENT CROSSWORD

No. 3550. Thursday 5 March

By Sparrow

Wednesday's solution



ACROSS

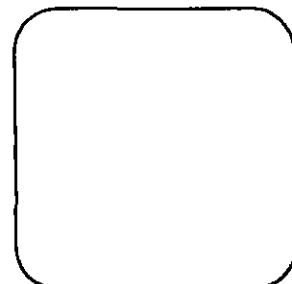
- 1 Consider badly-produced guide, one put out by a radio entertainer (7)
- 5 Acting macho, behaves as some kind of goat (7)
- 9 Story conveyed by regular client (7)
- 10 Woman's garment found in public service vehicle on rank (7)
- 11 The writer of Acts? (9)
- 12 Respond by putting on a show (5)
- 13 Like twangy sound produced by organ? (5)
- 15 Student into exciting hobbies participating finally in winter sports event (9)
- 17 Very good time to include a modern music genre in TV programme (4,5)
- 19 Underworld giant? (5)

- 22 Animal hospital in Kenya initially blocked, unfortunately (5)
- 23 Master of Ceremonies endlessly torn by tricky "green" issue (9)
- 25 Principal given support suppressing a row (7)
- 26 Hard to follow a nocturnal mammal when it's in natural environment (7)
- 27 Give another term for this (2,5)
- 28 Biblical scholar, as found in Oxford college, mostly (7)

DOWN

- 1 Lack of restraint originally displayed in a book by unknown author (7)
- 2 Idiot hitching lift on a ship (7)
- 3 Vet finally holds up article swallowed by brown cow (5)

BACKPACKS ATTEMPT
A O O T E I H U
STRAW TIRELESSNESS
U D A I A F H
E I S T E D D O D S T E M
G E E U P O
Q U A R R E L S H E B E N
U T O E
A N E R O I D P R E A C H V
D M E O S H
N I S O P P U N I N G
I A E I S R U L
L A T E R A N U V I A G O
L M G E E A D R
E I T R O S S E D E N T A R Y



- 4 Worthy aim: let's be merry (9)
- 5 Main room on passage (5)
- 6 Where you'd find Alice and Dorothy, in short? (9)
- 7 Tokyo paper given a more artistic look (7)
- 8 Tense used in sentence (7)
- 14 Cornish resort in which goddess meets monarch's double (9)
- 16 Part of supper, one she broke, unfortunately (5,4)
- 17 Academic pupil (7)
- 18 State of Parisians appearing in one kind of synthetic material (7)
- 20 Instrument engaging catch in towing ring (7)
- 21 Palace staff (7)
- 23 Small cube conveyed by boat (5)
- 24 End wall battered at first in high wind (5)

Liverpool to investigate Collymore allegations

Football

By Paul Walker

STEVE HARKNESS will be at the centre of a full inquiry by Liverpool into allegations that he hurled racial abuse at his former team-mate, Stan Collymore.

The 27-year-old defender has been accused by Collymore of making racist comments during Saturday's fixture between the two Premiership clubs, which ended in a 2-1 victory for Aston Villa with Collymore scoring twice.

It has also emerged that Collymore complained about the abuse to the referee, Graham Poll, during the match.

Liverpool spent the day yesterday digesting the implications of Collymore's claims and then issued a statement promising to launch their own investigation.

Their manager, Roy Evans, was out of the country on a scouting mission in Europe, while their chief executive,

Peter Robinson, was away from the club on personal business. Both men were contacted during the day, but it has been decided to delay any further discussions until they can discuss the situation with Harkness in person.

It seems likely that the club solicitor, Kevin Dooley, and their chief executive designate, Rick Parry, will also be involved in the meetings.

Liverpool's statement, issued through a club spokesman, Ian Cotton, said: "These are serious allegations which have been made against Steve Harkness - ones that the club do not take lightly. But until we have had the opportunity to sit down and discuss the matter with Steve, Liverpool Football Club are not in a position to comment further on the matter."

Liverpool know they will have to consider their and the player's position carefully in the light of several well-publicised cases of players being subjected to racial abuse in the recent

past. Only last week, West Ham's Eyal Berkovich claimed that Blackburn Rovers players made anti-Semitic comments to him during the FA Cup tie between the clubs, and it caused the Israeli midfielder to be subjected to torrents of abuse from Blackburn fans during the replay at Ewood Park.

Now, with the Professional Footballers' Association at the forefront of a "Kick Racism Out Of Football" campaign, Liverpool will have to be thorough and open about their own internal investigations.

The Football Association will await the outcome with concern. Initially, it has said that it will wait for the referee's report to see whether he mentioned the incidents on the pitch, and also an alleged tunnel confrontation and an alleged attempt by Harkness to continue the row with Collymore by bursting into the Villa players' dressing-room.

However, Poll said yesterday that he had seen and heard nothing and would not be re-

porting the incident, although he admitted Collymore had complained to him on the pitch about his treatment.

Now the FA will have to decide whether to launch its own investigation without a statement from Poll.

Poll said: "I cannot include things in my report that I didn't see or didn't hear. I heard nothing on the pitch and I saw nothing in the tunnel, the players were all back in the dressing rooms by the time that me and my two assistants left the pitch."

"But Stan told me on the pitch that things had been said to him. I could see he was incensed about something in the second half, and asked him what was wrong."

"It's then that he told me. I tried to calm him down and said I hadn't heard anything. Stan didn't tell me who had said things to him."

"He was upset, and I had asked him what had been wrong. But I have not included anything about what he said in my report."

"If I put everything in my report that players told me was be-

ing said on the pitch, I would be writing it all week."

An FA spokesman said: "There is a route for Villa to complain to us if they so wish. Obviously we are concerned about what is being claimed, and we will be keeping an eye on the situation."

Organisers of the "Kick Racism Out Of Football" campaign have called on Collymore and Villa to make an official complaint.

Piara Powar, the national co-ordinator of the campaign, said: "If Stan Collymore is suggesting that is what happened to him, then he must make a complaint to the Professional Footballers' Association and the Football Association."

"Unless there is an official complaint then often nothing can be investigated."

He added: "It is generally accepted that there used to be a bigger problem with racism among players than there is now, but this allegation is not a totally isolated incident."

"There is still a problem with racism in the game and players have a responsibility to give a lead to supporters."

viva vialli

real betis vs chelsea from 8pm tonight on

5



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